VETERANS BENEFITS AND SERVICES IN SOUTH DAKOTA

HEARING

BEFORE THE

SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

JUNE 13, 1988

Printed for the use of the Committee on Veterans' Affairs

Serial No. 100-52

U.S. GOVERNMENT PRINTING OFFICE
87-694 WASHINGTON : 1988

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

H761-34

COMMITTEE ON VETERANS' AFFAIRS

G.V. (SONNY) MONTGOMERY, Mississippi, *Chairman*

DON EDWARDS, California
DOUGLAS APPLEGATE, Ohio
DAN MICA, Florida
WAYNE DOWDY, Mississippi
LANE EVANS, Illinois
MARCY KAPTUR, Ohio
TIMOTHY J. PENNY, Minnesota
HARLEY O. STAGGERS, JR., West Virginia
J. ROY ROWLAND, Georgia
JOHN BRYANT, Texas
JAMES J. FLORIO, New Jersey
KENNETH J. GRAY, Illinois
PAUL E. KANJORSKI, Pennsylvania
TOMMY F. ROBINSON, Arkansas
CHARLES W. STENHOLM, Texas
CLAUDE HARRIS, Alabama
JOSEPH P. KENNEDY, II, Massachusetts
ELIZABETH J. PATTERSON, South Carolina
TIM JOHNSON, South Dakota
JIM JONTZ, Indiana

GERALD B.H. SOLOMON, New York
JOHN PAUL HAMMERSCHMIDT, Arkansas
CHALMERS P. WYLIE, Ohio
BOB STUMP, Arizona
BOB McEWEN, Ohio
CHRISTOPHER H. SMITH, New Jersey
DAN BURTON, Indiana
MICHAEL BILIRAKIS, Florida
THOMAS J. RIDGE, Pennsylvania
JOHN G. ROWLAND, Connecticut
ROBERT K. DORNAN, California
ROBERT C. SMITH, New Hampshire
JACK DAVIS, Illinois

MACK FLEMING, *Chief Counsel and Staff Director*

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

LANE EVANS, Illinois, *Chairman*

DON EDWARDS, California
TIM JOHNSON, South Dakota
DOUGLAS APPLEGATE, Ohio
DAN MICA, Florida
WAYNE DOWDY, Mississippi
JAMES J. FLORIO, New Jersey

BOB STUMP, Arizona
DAN BURTON, Indiana
ROBERT K. DORNAN, California
JACK DAVIS, Illinois

CONTENTS

June 13, 1988

	Page
Veterans Benefits and Services in South Dakota	1
OPENING STATEMENTS	
Chairman Evans	1
Prepared statement of Chairman Evans	39
Hon. Tim Johnson	4
Prepared statement of Congressman Johnson	52
WITNESSES	
Cain, Bruce, acting team leader, Rapid City Vet Center, Readjustment Counseling Service, Veterans Administration	22
Prepared statement of Mr. Cain	92
Exparza, James S., director, Veterans Administration Medical Center, Hot Springs, South Dakota	20
Prepared statement of Mr. Exparza	89
Farnandez, F., Jr., director, Veterans Administration Medical and Regional Office Center, Sioux Falls, South Dakota, accompanied by Jim Schultz, adjudication officer, Sioux Falls VA Regional Office and Larry Lindholm, assistant chief, Medical Administration Service, Sioux Falls VA Medical Center	30
Prepared statement of Mr. Farnandez	95
Gerber, Carl J., M.D., medical center director, Veterans Administration Medical Center, Fort Meade, South Dakota	18
Prepared statement of Dr. Gerber	84
Harmon, Robert, member, South Dakota Veterans Service Officers Association	12
The statement of the South Dakota Veterans Service Officers Association appears on p.	80
Jepson, Darrell E., president, North Central chapter, Paralyzed Veterans of America and national senior vice president, Paralyzed Veterans of America	7
Prepared statement of Mr. Jepson	64
Leedom, Chester B., district director for South Dakota Small Business Administration (SBA)	36
Prepared statement of Mr. Leedom	98
MATERIAL SUBMITTED FOR THE RECORD	
Statements:	
Daschle, Hon. Tom, a U.S. Senator from the State of South Dakota	6
State of South Dakota Department of Military and Veterans Affairs	54
AMVETS, Post No. 1, Belle Fourche, SD	58
Veterans of Foreign Wars, Sioux Falls, SD	59

VETERANS BENEFITS AND SERVICES IN SOUTH DAKOTA

MONDAY, JUNE 13, 1988

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 8:05 a.m., in Council Chambers, City School and Administration Center, Rapid City, South Dakota, Hon. Lane Evans presiding.

Present. Representatives Evans and Johnson.

OPENING STATEMENT OF CHAIRMAN EVANS

Mr. EVANS. The hearing will come to order.

I want to thank you all for joining us. Before we begin, I believe a commendation is in order for your Congressman and my friend and colleague Tim Johnson. South Dakota veterans are fortunate to have someone with such concern and compassion representing your best interests in Washington. Those of us on the Veterans' Affairs Committee are equally fortunate to have the opportunity to witness and experience that concern on your behalf.

I worked with Tom Daschle when he was a Congressman and on our Veterans' Affairs Committee, and now I work on the committee with Tim. I believe it is very safe to say that South Dakota veterans know you are doing well when it comes to sending representatives to Congress that will protect your programs.

It was at Tim's urging that we scheduled this hearing. He wanted to give you—the veterans' leaders, the program coordinators, individual veterans, and the Veterans' Administration officials in South Dakota—a forum to examine what is transpiring on both the State and national levels that will affect veterans and their families.

We will hear from a group of distinguished witnesses today in the hope that questions will be answered, facts will be revealed, and legitimate concerns will be conveyed so that our veterans will be better informed and better served.

I understand a number of people are unable to attend or participate in this hearing because they are attending a veterans' organization State convention. The annual State conventions of both The American Legion and the Veterans of Foreign Wars are currently in progress in other parts of the State, and we hope that these conventions will be very successful.

We are going to be speaking at the American Legion convention later, and Tim has already spoken at the VFW convention, just yesterday.

I also want to thank the people that have made our use of this excellent facility possible. Their cooperation and assistance is certainly greatly appreciated.

We are here as a committee to learn as well as to share. And let me assure you that what we learn today will not remain in the confines of this room. It will travel back to Washington with us and play a role in our legislative deliberations on your behalf.

In Washington, during the 100th Congress, we have been very busy and productive I believe as far as veterans' benefits are concerned. I would like to quickly review a few of the accomplishments in the past year and a half:

I am sure you are aware that we are trying to upgrade the Veterans' Administration to Cabinet-level status and we are very close to achieving this.

Though the legislation actually does not come within the jurisdiction of our Committee, we obviously do have a very large stake in its outcome. Our Committee Chairman, Sonny Montgomery, and Ranking Republican Minority Member, Jerry Solomon, introduced the original legislation, and it passed the House by an overwhelming vote of 399 to 17.

The Senate Governmental Affairs Committee, chaired by John Glenn, has approved the bill and the full Senate is supposed to take it up any day now. We are in good shape in the Senate, where the bill has 74 cosponsors. I believe the House and Senate should be able to resolve their differences very quickly in conference, and the President has given the legislation his endorsement. Veterans should soon be represented at the Cabinet table.

We are not talking about a government expansion or big spending with this change. We are simply talking about giving millions of veterans direct access to the White House and access to the policy making process that affects them and their families—access that veterans deserve.

When you consider there are 52 million dependents and survivors of veterans, the VA has a potential constituency of almost one third of the U.S. population.

It is the largest independent Federal agency in the government.

It ranks second only to the Department of Defense in number of personnel.

It has the fifth largest budget of any Federal agency or department which it uses to operate the largest health care delivery system in the free world. There are 59 VA regional offices and 112 national cemeteries.

More than 4 million Americans receive a VA check each month.

The VA administers one of the Federal Government's major home loan guaranty programs and the largest direct insurance programs in the United States.

Furthermore, the VA has provided educational assistance to more than 20 million Americans, including myself, I am pleased to say.

And it has done more than any agency, I believe, to promote the dignity of the disabled and to assist them in becoming productive citizens.

Farmers are represented in the Cabinet. So are students, teachers and welfare recipients, and I think that is fine. They should be. But we think it is past time for veterans to be given this privilege. You have earned it and you deserve it.

During this Congress, we have also enacted a 4.2 percent compensation and DIC cost-of-living increase that showed up in March checks. And our Subcommittee on Compensation, Pension and Insurance has just approved another 4.2 percent cost-of-living increase that would be effective on December 1 of this year.

We enacted major housing reforms to help veterans avoid foreclosure and reduce the amount of their liability should they default on low to moderately-priced homes.

We have established a permanent education assistance program for our veterans and service personnel—the Montgomery GI Bill. More than one-half million active duty and reserve personnel have enrolled in this program since it began.

We have reinstated the travel allowance many of our veterans depend on to get to the nearest VA medical facility. Our bill lifted some of the severe eligibility restrictions the VA imposed last year. These restrictions left many veterans out in the cold without the ability to get to our VA hospitals. I talked to Tim about this because it has a particular problem with the long distances that so many South Dakota veterans have to travel. Our bill opens it back up and makes many service-connected and low-income veterans eligible for travel pay again.

We have established an entitlement to outpatient care for veterans who want to get treatment for their service-connected disabilities as well as for certain non-service-connected disabilities. This is similar to the entitlement to hospital care for service-connected and low-income veterans that we established in 1986. Up until that time, no veteran had an entitlement to any type of health care. There was nothing on the books that said the VA had to take care of anybody, not even the service-connected veterans. Our bill changed that, and we now have extended it to outpatient care.

We have called for a national plan for the future of our Vietnam veterans readjustment counseling centers—our Vet Centers. I have taken a personal interest in this issue, being the Chair of the Vietnam Era Veterans in Congress.

We have 189 of these centers across our country, including two in this State. Our bill prevents the VA from attempting to close or move any Vet Center without it first coming through our Committee.

We have a new law that the President signed just recently that will provide compensation on a presumptive basis for certain atomic veterans. Under this law, the VA is authorized to presume that 13 different cancers are service-connected if a veteran participated in nuclear tests or in the occupations of Hiroshima or Nagasaki. The VA will pay an atomic veteran compensation if symptoms of cancer showed up within 40 years of these events—30 years for leukemia.

We have extended the Veterans' Job Training Act for two years and authorized another $120 million for it. This successful program pays employers half of a veteran's starting wage, up to $10,000, to train and hire him. Here in South Dakota, over $647,500 has been spent on this program and we have helped 171 veterans go back to work through it.

From a budget point of view, we are in fair shape. We are trying to get what we call a "current services" budget for next year. That is all we've ever really asked for—just enough for us to allow essential services from year to year with the inflation factor included. The House has passed a compromise budget resolution that would set VA spending levels at about $28.8 billion.

No one can accuse the veterans of asking for more than their due or of not doing their part in deficit reduction. In fact, veterans have contributed upwards of $3 billion to deficit reduction in the past five years or so. You are more than holding up your end of bringing government spending under control. You have tightened your belts as much as anybody—more than some.

So let me assure you we are not going to let the Office of Management and Budget or any other so-called budget experts take advantage of our veterans. We are here to protect your programs.

Here in South Dakota, the veteran population is nearly 80,000. The VA is spending over $140 million annually.

The VA guaranteed more than 1,000 home loans for South Dakota veterans last year. These guarantees total more than $60 million.

With the three medical centers, three outpatient clinics, a nursing care unit, two Vet Centers, three national cemeteries and a regional office, there is a lot going on in South Dakota from a veteran's point of view, and we need strong individuals and strong advocates like Tim Johnson to help protect these programs.

I am pleased to be here with you, Tim, and to be with your fellow South Dakotans here in Rapid City. Later today we are going to have an opportunity to visit with veterans in Huron and Sioux Falls. I want to thank you for inviting me, and I will recognize you now for any remarks you would like to make.

[The prepared statement of Chairman Evans appears on p. 39.]

OPENING STATEMENT OF HON. TIM JOHNSON

Mr. JOHNSON. Thank you, Mr. Chairman. I appreciate your willingness to come to South Dakota to share some insights with us and to receive the testimony and see first hand the problems that we have facing veterans in the State of South Dakota.

Our State is the State with the highest per capita population of veterans of any State in America. With more than 70,000 veterans and three VA hospitals, South Dakota is indeed an ideal location to listen to the concerns of our veterans on the provision of veterans benefits and services.

As you alluded to a current services budget that we are continuing to struggle with for the Veterans' Administration, I appreciate your comments on that and I want to express my great concern and distress over a letter that I have received recently from James C. Miller, Director of the Office of Management and Budget, in

which he severely criticizes the Veterans' Administration budget and refers to veterans medical care as a low priority item with the administration this year.

Mr. Chairman, I think you appreciate, more than almost any others, where we would be if we were to fund the Veterans' Administration at the level requested by the administration this year.

It would involve cutting claims process personnel by 492 personnel at a time when claims processing is frankly already slow.

It would involve cutting 250 adjudicatory personnel at a time when those adjudications are slow. And it would mean cutting 1,728 health care personnel at the very time that we have a veterans population coming on board which is aging and has more medical problems than ever. Funding the VA at administration's requested levels would mean termination of the Veterans Job Training Act.

So your leadership has been particularly appreciated by the veterans of South Dakota as well as all across America in the effort to come up with a budget that is a realistic one, that is a prudent budget and that meets the needs of America's veterans.

We have accomplished a great deal over the 100th Congress. Landmark legislation making the GI Bill a permanent program has been signed into law, as you referred to. The Veterans' Administration home-loan guaranty program has been revised, making it easier for veterans to achieve that basic American dream of owning a home. Severe restrictions on beneficiary travel have been relaxed and omnibus legislation expanding several of our health and education programs has passed.

We march on, but much remains to be done. And that is why I thank you, Mr. Chairman, for calling this hearing in Rapid City, for we can best do our work when we know what the ultimate beneficiary, the veteran, is thinking.

There are a number of issues that greatly affect South Dakota's rural veterans. First among them is beneficiary travel: adequate compensation for beneficiary travel can mean the difference between receiving care or effectively being denied care. Long rural distances from VAMCs in South Dakota make this especially important. In light of the VA's attitude, what does Congress need to do to ensure continuance and possible upgrading of this vital program?

In addition, the status of the Veteran's Outreach Centers is of great concern to me. I have worked closely with you, Mr. Chairman, in fighting to save this vital program. As you know, the VA tried to cancel the Vet Center in Sioux Falls as part of a pilot program phase-out; the current VA budget cuts $4.7 million and 79 personnel from the program. This is bound to have a negative effect on South Dakota's two Vet Centers, one of which is located here in Rapid City, South Dakota, and which has done an outstanding job.

A shortage of nursing home capacity also looms on the horizon. The Nation's vets are getting older and the question of long-term health care is becoming more important. The current administration budget proposes only 120 new beds in fiscal year 1989. With aging veterans, we will need an additional 3,500 nursing home beds by 1992.

A problem South Dakota's small VA hospitals face is that of rural hospital funding. Our VA hospitals tend to get edged out for research funding and for new equipment. The tendency is to continue funding hospitals with a track record of research. This is in effect a weakening support for those smaller but extremely vital VAMCs in the rural areas of the United States.

In short, Mr. Chairman, South Dakota's vets are subject to all the problems that face vets everywhere and are more impacted by the problems that are unique to a rural area.

Again, I thank you for calling this hearing and I think both of us and the subcommittee will leave here greatly the wiser for having listened firsthand to the perspectives of South Dakota veterans.

Thank you, Mr. Chairman.

[The prepared statement of Congressman Johnson appears on p. 52.]

Mr. EVANS. Thank you, Tim. I appreciate it. Before calling our first witnesses, I would like to read a statement from Senator Tom Daschle, who is not able to be with us today.

STATEMENT OF SENATOR TOM DASCHLE, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman, on behalf of South Dakota's veterans, I want to thank you for agreeing to Congressman Tim Johnson's request that you travel to our State to see and hear for yourself the unique problems that our veterans face. While I regret that congressional business prevents me from being with you today, I want to convey our thanks to you for making the long trip to Rapid City to listen to our concerns.

I do not intend to make a lengthy statement because there are many South Dakota veterans here today who deserve a right to be heard by the Committee. I know they have a lot to share with you. This is their day.

I do want to point out however, that we are fortunate to have two distinguished veterans leaders presiding over this hearing. They are fast emerging as two of the leading advocates of veterans in the United States Congress. My close friend, Chairman Evans, is the co-chairman of the Vietnam Era Veterans in Congress Caucus and is widely respected for his work in Congress on behalf of both veterans, farmers and ranchers. Our own Congressman, Tim Johnson, of course, is acknowledged in Washington as one of the rising stars of the House Veterans' Affairs Committee, following his successful efforts to maintain beneficiary travel benefits for more rural veterans, extend technical school training to veterans of the Guard and Reserve and block funding cuts in VA programs.

Even the most committed Members of Congress, however, need to get out of Washington frequently to listen to the people they were elected to serve. As the distinguished Chairman knows, some in Washington really do not care enough to take the time to travel the country to find out how the programs they set up in Congress actually work or do not work for the American citizens. That, perhaps more than anything else, is the cause of bad government. As evidenced by your presence here today, the House Veterans' Affairs Committee has no intention of making that classic Washington mistake.

Again, we welcome the House Veterans' Affairs Committee and we thank you for coming to South Dakota to hear our concerns. This is an exciting opportunity for us.

Mr. EVANS. I also want to acknowledge the statements that have been submitted for the record by the Adjutant General of the State of South Dakota; by AMVETS Post Number 1; and by Robert Petrik, Commander of South Dakota Department, Veterans of Foreign Wars. They are having a convention today, and he could not make it.

[The statements referred to appear on pp. 54, 58 and 59.]

Mr. EVANS. The purpose of our hearing, of course, is to hear from South Dakota veterans and their families. We are going to have

several panels of witnesses. We will ask them to summarize their statements, to try to keep their remarks to ten minutes or less. All their statements that they have submitted or can submit to us will be included in the record. If the hearing moves along, we will be glad to hear from others who might have some comments. I think we have to leave by a little after 10:00, but that gives us almost an hour and a half or more.

If an individual does have an individual problem with the Veterans' Administration, we have some of Congressman Johnson's staff here today to be of assistance. We can try to address these concerns after the hearing individually instead of a person needing to come forward and publicly discuss all the details of their personal case.

Our first witness this morning is Mr. Darrell Jepson, president of the North Central Chapter of the Paralyzed Veterans of America.

I want to welcome you to the Committee. I also want to note for the record that Darrell is also national senior vice president of the PVA. He was in Washington last Thursday and Friday working at the national office and has traveled many miles to testify at our hearing this morning. We appreciate your participation and your interest.

And of course, as I said, the statement, Darrell, that you have already sent us will be made part of this record. If you would like to summarize your statement, we would appreciate it.

STATEMENT OF DARRELL E. JEPSON, PRESIDENT, NORTH CENTRAL CHAPTER, PARALYZED VETERANS OF AMERICA AND NATIONAL SENIOR VICE PRESIDENT, PARALYZED VETERANS OF AMERICA

Mr. JEPSON. Thank you, Mr. Chairman. Chairman Evans, Members of the Subcommittee, I am Darrell E. Jepson, senior vice president of the Paralyzed Veterans of America. I appear here today in a dual role as Senior Vice President of PVA, a congressionally chartered veterans' organization, and also as president of North Central Chapter of PVA, which is headquartered in Sioux Falls, South Dakota.

On behalf of the members of PVA, it is an honor and privilege to present our views and concerns pertaining to health care of veterans.

It is on behalf of the veterans that I want to thank you, Mr. Chairman, and members of this subcommittee, for your interest and effort to conduct this hearing here in Rapid City. It is meaningful for veterans to know that they can be seen and their voices heard at the local grassroots level.

Additionally, here in South Dakota we are especially pleased to be represented by the Honorable Tim Johnson, not only a very capable and competent member of the House Committee on Veterans' Affairs but also a close personal friend and an individual that I admire and respect very highly.

Mr. Chairman, keeping in mind the current efforts to reduce the budget, veterans in South Dakota have the same legitimate concerns as veterans nationwide, especially for long-term health care. Their questions are many: What is the future of the VA; will the VA be able to provide health care; how long in terms of days and

months will they need to wait before being admitted to receive the treatment and services they may require; will there be available bed space; will adequate staffing of professional medical personnel be provided; and will my dependents be protected?

The nonexistence of a long-range VA plan for providing health care is a serious omission t hat compounds the perceived problems. With the aging of the veteran population, these questions depict the seriousness of their concerns now and in the future. Even with the support of Congress and the Veterans' Affairs Committee, these concerns remain prevalent to veterans.

We are pleased that, for the last two years, PVA has been able to combine their efforts with three other major veterans' organizations—Disabled American Veterans, Veterans of Foreign Wars and AMVETS—to produce, publish and present, "An Independent Budget by Veterans for Veterans' Programs, Meeting the Challenge: To Keep the Promise." With your permission, sir, because it is of such significance, I would like to introduce our recommendations into the record today. I might add that the Senate and House Committees on Veterans' Affairs have adopted many of the recommendations of the veterans' organizations and some of these recommendations have already become public law.

So, Mr. Chairman, at this time, rather than going through the book on Meeting the Challenge: To Keep the Promise, I would like to present this to the staff to enter as a formal document in this hearing.

Mr. EVANS. Without objection, it will be entered into the committee files.

[Retained in committee files.]

Mr. JEPSON. Throughout this year, PVA has testified before the House and Senate Veterans' Affairs Committee. The following are highlights.

Creation of a Department of Veterans' Affairs. We feel this is of paramount importance to give equal representation to the veterans of our great nation, and we urge your support and we understand that this piece of legislation is moving along, and we commend Chairman Montgomery and Representative Gerald Solomon, the Ranking Minority Member of the House Committee, for their recognition of the merits of this proposal, as well as all other members of the Veterans' Affairs Committee.

Another area that is highlighted is the fiscal year 1989 veterans' budget, which I presented in the Meeting the Challenge: Keeping the Promise, and I will not go into all the facts and figures, because I was made quite aware of it, sir, in your opening remarks, that both of you are well aware of the facts and figures that are contained in this document, and I will not be repetitious.

As we move on through our testimony, we get down to the three challenges that are presented. And I would like to highlight these, the three challenges that have been principally shaped in the budget this year.

One is the increasing demand on VA programs that stems from the aging of the veteran population. The largest group of veterans, the World War II and Korean War generations, is now rapidly reaching age 65 and over—ages at which health care needs and death rates increase dramatically. This aging process results in the

need for more services from the VA's health care system and from its cemetery and memorial affairs programs.

The second challenge facing the Independent Budget this year is the climate of extreme austerity currently characterizing the entire Federal budget.

The third challenge is that of veterans' unmet needs for VA services. Unmet need appears in the veterans' benefit area, where severe deficiencies in services provided to veterans are found, primarily as a result of understaffing of the Department of Veterans Benefits (DVB), the VA unit that administers benefits programs. We have also found evidence of serious unmet needs of multiple types in the VA health care system.

The basic strategy of the veterans service organizations that have authored the Independent Budget is:

To assure that all veterans receive the benefits and services to which they are entitled;

To assure that the VA provides these benefits and services in a fashion that is cost efficient but also timely;

To assure the integrity, quality and coherence of the benefits and services the VA provides.

And as we move on through the testimony again, the rest of it pretty much is covered in my presentation to you on the booklet and I will not be repetitious on that.

One thing, Mr. Chairman, that I would like to address. That is two things that I see, as a member of Paralyzed Veterans of America, as very, very immediate needs of our veterans in South Dakota.

Number one, we need to continue quality health care. We do have quality health care at this time. And in my travels I have seen the VAs in Florida, the VAs in the southern area, in California, the mild climates where there is a tremendous impact of the older veteran population. And we are very fortunate here, I will openly admit, that we do have timely service at this time in our VAs. We really would appreciate and request continued funding for this type of adequate service for our veterans.

One thing that is of paramount importance, and you have addressed that in the budget, and that is beneficiary travel. This had created a hardship to this date. But now with the reinstatement of funding for this program, I'm sure that it will take care of itself in the immediate future. But with our demographics all over the State, long distances to travel and everything, you can offer the best health care in the world. But if you cannot get to it, it does the individual little good.

So, beneficiary travel is of paramount importance in the immediate needs for our veterans here in South Dakota.

Long-term care. It is our suggestion that you start to consider for the future in long-term care of our veterans. We have the World War II vets, we have the Korean vets coming now. I read a statistic the other day that by the year 2000, of all the male population in America over the age of 65, two out of three will be a veteran. I think that that should point out the significance and that we should start planning and act, rather than react, to the dilemma that could be facing the VA health care system in the future on long-term care.

Adequate facilities available when and where needed is very important. Currently, our State veterans' home is located in the southwest corner of the State. For a statistic on the demographics of this State, there are more people living in two eastern counties, the counties of Minnehaha County and Lincoln County, and the city of Sioux Falls on the eastern border of this State than there are in the entire population West of the river. And yet our State veterans' home is located in the southwest corner of the State.

And as you know, families become more and more important as you grow older, and you become closer tied. At times when we are younger, we have a tendency to drift away from family ties, but then as we get older, family ties become more and more important. And I do not know if we should be looking at in this State the possibility of building new facilities in East River or possibly there are some alternatives that I think should be explored. One of them would be home health care. I think that that is a very positive thing.

I think another area that should be explored is the possibility of programs throughout the Nation, not just in South Dakota, developing a respite care program. I think respite care is very, very important, particularly to the membership of PVA. Catastrophically disabled veterans could stay home with the home health care program and in turn individuals providing the services, the care, could occasionally get out and get away from it. To document that, a survey was done by the Aging Americans. Many Paralyzed Veterans of America, and basically the older membership were involved in it. I would like to read you one quick passage out of this and if any of your offices or the Veterans' Affairs Committee would like a complete document on this I would be more than glad to have our national office provide it.

Mr. EVANS. If you would forward me one, I would appreciate it.

Mr. JEPSON. Okay. I certainly will, Mr. Chairman. One document in here, and I think it sums everything up about as well as anything, and it talks about the reaction of a spouse. And she said, I have committed my life to caring for my husband, who served his nation. I have given up my career. I know nothing else but respite care and the best of care I could offer to my spouse. I am getting older, and I no longer can provide the quality of care that I once could and I also have given up all these things in my life to provide this care. And I am not being selfish and I am not complaining. But there are times that I get burned out.

And we hear about burnout all over the country all the time in our industry and everything. Well, these spouses get burned out, too, Mr. Chairman, and they need a little respite. And I think it is something the VA should be looking at. I think it could be a cost effective program.

With those comments in mind, Mr. Chairman, I want to take this opportunity to applaud your significant contributing efforts and specifically your personal interest and support for legislation regarding the issues of beneficiary travel, which is now enacted into public law, judicial review and veterans' outreach centers, particularly where you extended the expiration date of programs.

In conclusion, we are certain that the members of the subcommittee share views similar to those of PVA. Our mutual goal is to

make the programs, which you have created, work efficiently and to their fullest potential. National priorities are reflected through Congressional authorization-appropriation processes.

Therefore, we stress to you that the greatest expression of concern which the committees can display for veterans is to continue to pursue others in Congress to preserve existing veterans' programs and to make those programs serve the persons for whom they are intended.

At this time, I would like to thank you, Mr. Chairman, Representative Johnson, members of the committee, for giving me this opportunity to appear before you here today in Rapid City.

And before I close, I would quickly like to say, Mr. Chairman, that in MacBeth, the Shakespeare play, there is a statement that says "Many have trouble seeing the forest for the trees."

I think that is particularly true today with the people we work with and everything. And I would like to emphasize to you legislators that I feel in my workings through disability, through county commission work, through veterans' affairs work, that your House Veterans' Affairs Committee has one of the finest staffs. And I am sure it is easy for you on a day to day basis to overlook it. But you have one of the finest, most competent staffs serving the people of America of any committee in Congress.

Thank you very much for your kind attention.

[The prepared statement of Mr. Jepson appears on p. 64.]

Mr. EVANS. Thank you very much. We may have a question or two before you go. I do want to thank you for this comprehensive statement.

I also want to thank PVA for, I think, being the only major veterans' organization that took a position on the Pepper Home Health Care Bill last week. I think that is an important component of helping, not only veterans, but many other people who are affected by long-term illnesses who want to recieve treatment at home, if possible.

We appreciate PVA taking that pioneering effort in expressing its support for that legislation.

Now, in addition to the statistics you gave us about the numbers of veterans by the year 2000, the other problem I think we are facing in the VA is that veterans are living longer. Thank God for that; that is a problem we want to have.

In addition to many veterans being over the age of 65, a greater number, of course, are living longer and will be over the age of 75 when intensive care is quite often needed. That is another problem I think is looming large in the future of the VA.

You mentioned the unmet need for VA services.

How, in your opinion, is the VA responding to these challenges in South Dakota? Are there unmet needs for VA services? What could we be doing better?

Mr. JEPSON. Mr. Chairman, I feel overall that the health care service provided by our VAs in South Dakota are excellent, and they are quality. And we are not having to wait.

You know, a year ago they added the new outpatient clinic at Sioux Falls. And it has been my experience that it's a timely and quality service that they are providing at this time in South Dakota.

And I really, I can't say enough about it. Our spinal cord injury veterans, we go to Milwaukee and they have an excellent SCI center there at Wood. So I feel that in South Dakota that you are providing, the VA is providing excellent service to our veterans.

Mr. EVANS. I also read about the new mobile CT unit. I think that is an innovative approach.

Thank you. Tim, do you have any questions?

Mr. JOHNSON. Only, Darrell, to thank you for your clear testimony and for the leadership of the PVA, particularly in working with other veterans organizations to come up with an independent budget. I think we need that kind of scrutiny of the Federal budget. And it has been an immense help to the Veterans' Affairs Committee.

One question in particular to you. One of the concerns of the PVA is with specially adapted housing for severely disabled vets. There has been some talk about whether we could increase the maximum grant amount and so on.

What is the status currently of specially adapted housing for severely disabled vets in South Dakota? How are we doing? Do we need more? Do we need to keep what we have? How are we doing?

Mr. JEPSON. Representative Johnson, I feel that the needs are being met very adequately for the 702 homes and the special needs for the catastrophically disabled veteran.

I know of no veteran with a catastrophic disability needing special adaptive housing that has been turned out or has not been provided the service.

So I think here in South Dakota we are in good shape.

Mr. JOHNSON. All right. Good. It is always good to hear good news for a change. Thank you, Darrell.

Mr. EVANS. Thank you, Darrell.

Mr. JEPSON. Thank you.

Mr. EVANS. Mr. Bob Harmon is our next witness. If you would come forward and be seated, we would appreciate it. Bob is a member of the South Dakota Veterans Service Officers Association and today he will be presenting the statement submitted by the president of that association.

We will also ask you, if possible, to summarize and tell you that the entire statement will be included in the record.

STATEMENT OF ROBERT HARMON, SOUTH DAKOTA VETERANS SERVICE OFFICERS ASSOCIATION

Mr. HARMON. Thank you, Mr. Chairman. I am representing the South Dakota Veterans Service Officers Association.

Our president, "Pee Wee" Douthit from Hot Springs could not be here today.

Our organization represents the county and tribal veterans service officers across the State that assist in providing services to veterans, their dependents and their survivors.

As you mentioned, a complete statement has been presented to the subcommittee. I will summarize some of this.

I believe, as Mr. Jepson stated earlier, you will find some recurring problems in the testimony you hear today. Beneficiary travel

has been addressed, but we have some others that I will briefly go over here today.

I will state that some of the remarks will apply in some cases a little bit more to West River, South Dakota, because that happens to be where the president of our organization lives.

We would like to formally thank you for the opportunity to appear before the subcommittee this morning. The South Dakota Veterans Service Officers Association believes that the VA system in South Dakota does one of the best jobs in the nation in providing services to veterans, spouses and dependents.

Just the services they provide in the large area they service is a difficult task to do and they are doing an excellent job.

The VA medical centers have set up outreach medical facilities in communities where veterans would have a long trip to the medical center. This displays a great concern for veterans within South Dakota.

A point that needs to be made that was brought up earlier is the beneficiary travel. As Mr. Jepson said, health care is only good if you can get to it and this has been a long-suffering problem here.

As you know, some of our veterans organizations have been involved in setting up a volunteer travel program, particularly the Disabled American Veterans, and hopefully these recent changes are going to alleviate some of this problem.

One area of concern that we have is female veterans. While the VA medical centers have improved their facilities for female veterans, many female veterans do not go to the medical centers because of their belief that they still lack a great deal to provide adequate services for females. And we believe this can be demonstrated by the number of female veterans in our population compared to the numbers that utilize VA medical centers.

South Dakota has a large population of female veterans that do not use VA medical facilities.

Outpatient service is another area of concern because due to budget concerns and the means test, the shift of patients from in to outpatients has increased outpatient numbers dramatically.

This increases the workload on the outpatient doctors a great deal which in turn increases walk-in patient waiting time.

At times, walk-in patients can wait several hours, up to all day, to see a doctor, whether service connected or not. This problem still exists.

The VA medical centers have done a lot in trying to correct this problem, but the numbers at times just seem to overload them with little results.

I must mention a few outstanding VA personnel, not by name, but our association and many of our clients deal with veterans benefits counselors who are located in each VA hospital, each medical center throughout the State, and the staff at the Regional Office in Sioux Falls. They comprise generally the Veterans Services Division.

This is not only a walk-in, but a toll-free telephone number available to any veteran in South Dakota. The expertise, willingness, cheerful attitude and hard work that these people do is outstanding.

It seems no matter what is asked of them they provide the correct answer and they go out of their way to assist anyone, particularly service officers, calling in with questions for clients.

They provide this type of service no matter who is contacting them.

There have been untold numbers of times that veterans and spouses have told us about the work that these people have done for them. Each and every time a person has made a statement like this, there was always a follow-up statement, like what a pleasant guy. He's very helpful and cheerful. I don't know how he does it and remains so pleasant. He is so helpful and knows what he is doing. And these kind of statements could go on and on. This is a very bright spot in the VA system in this State.

I also must state that VA regional offices and medical centers provide excellent assistance and service to us as county and tribal service officers. We have an annual training conference each year in which they assist, providing experts on subjects, panels and groups. These people provide excellent information, answers and materials. And they are to be commended for taking time out of their busy schedules to assist we service officers in our training.

We are also kept up to date by VA staff by quarterly mini-training conferences held throughout the State. Even at these small conferences, they still provide a staff which do an outstanding job.

In South Dakota, the directors of the medical centers also hold quarterly meetings for service officers to keep us advised, up to date and aware of changes at their facilities.

When medical centers or the Regional Office are contacted by service officers with requests for assistance or problem or advice, we get what is needed in a professional and timely manner.

We are not so fortunate regarding timely decisions on claims. The Regional Office is not able to provide timely decisions on claims for benefits such as pension or compensation. It can take from two to six months to receive a decision on a claim for benefits, depending on the type of claim, if it is the first time applying.

This causes a great amount of hardship on many veterans or survivors by the fact they may not have anything to live on during this time.

Unfortunately, this problem is caused by lack of personnel to staff the Regional Office properly so that it can provide professional and timely service.

The Regional Office has been under a hiring freeze which means if personnel leave they cannot be replaced. There have been some personnel leave the Regional Office without replacement.

The cure for this problem would be getting the required number of personnel to do the job properly.

I think that staffing has been a big area of concern regarding the Adjudication Division in Sioux Falls.

Mr. Jepson had mentioned this, giving some statistics and stuff, but in a State like this with limited numbers in the Adjudication Division this has been felt particularly hard.

I think the Regional Office has done a good job by kind of realigning some things and getting people from other areas to help, but it has been a big problem, and still is a big problem.

In closing, I would like to state the South Dakota Veterans Service Officers Association knows that the veterans, widows and dependents of South Dakota are receiving outstanding treatment and service from all concerned. We know there is no better in this nation.

South Dakota Veterans Service Officers Association is working towards the goal of even improving services.

We thank the subcommittee for the opportunity to give this testimony and appear before it.

And that is from our president "Pee Wee" Douthit in Hot Springs.

[The statement of Mr. Douthit appears on p. 80.]

Mr. EVANS. All right, Mr. Harmon, we thank you. I have a little bit of trouble understanding these distances. I think I have a big district, 14 counties, and then I talk to Tim and he has 66 counties. I have come to appreciate just what that means in terms of a Congressman's time and I know that this State is divided by two time zones.

Can you help me, so I can understand and take this back to Washington, the issue of distance. Now, I understand the VA medical centers are located in the Eastern and Western parts of the State.

Mr. HARMON. Correct.

Mr. EVANS. How far would a veteran in central South Dakota have to travel to reach a medical center, round trip or one way?

Mr. HARMON. 150 miles, 160 miles one way.

Mr. EVANS. Okay. Now, you are working with the veterans organizations to establish some kind of transportation network. I would assume that you have the same problems we have had in Illinois with a loss of a lot of bus routes and things of that nature. Can you tell us a little bit about this network and if the VA itself is involved in helping develop that transportation system?

Mr. HARMON. Yes, they are involved. In fact, current in West River we have two vans that provide service to Fort Meade and Hot Springs from Rapid City. We are the population center here, with the vans provided by the VA and drivers provided by the Disabled American Veterans, making a trip each weekday to Hot Springs and two each weekday to Fort Meade.

But the veterans organizations and particularly the Disabled American Veterans, have been setting up a volunteer transportation system. The DAV is planning to hire a coordinator to be stationed at Fort Meade at least, and they would work getting volunteers in smaller communities in the area.

Now, the VA has cooperated in the sense that the volunteers would be members of the VA voluntary service at each hospital to cover things such as liability and this type of thing, and then they would have a coordinator hired by the DAV who would be stationed at the hospital, would assist in arranging for travel for veterans for appointments and this type of thing. So it would be a formal setup, not a kind of a day to day type of thing.

Mr. EVANS. Well, we are glad the VA has been involved.

Regarding women, we held a Subcommittee hearing on women veterans some time ago. We found the number of women veterans

is increasing because of the fact that we have so many more women in the armed services today.

What improvements need to be made specifically in this State in serving women veterans?

Mr. HARMON. Well, I think one of the things is, veterans do not know—I would say this. Of the clients that we see, most that have gone to the VA are pleased with the services but they are a little reluctant to go because they are not sure what is there.

Mr. EVANS. An image problem, or do we need to have better outreach to reach out to these women veterans?

Mr. HARMON. I think so. Some of them I think still feel that if they need to be in the hospital there is no place to put them, that they have one bed tucked away in a corner with a curtain around it or something like this. So a lot of them, a lot of the female veterans will ask. They will say, well, what is available? Can I go there? If I go there, do they send me to a private hospital? And so on.

But I think it is mainly a lack of understanding of what is available there.

I would say obviously the VA lacks gynecological services, specific things like that. But they can also arrange to have them done.

But I think basically more information needs to get out to the people, that services are available. Veterans are veterans, male or female.

Mr. EVANS. All right. Tim?

Mr. JOHNSON. Thank you, Mr. Harmon. I appreciate your pinch-hitting for Mr. Douthit on this, and I do not want to put you on the spot for testimony that Mr. Douthit had submitted on behalf of South Dakota Veterans Service Officers.

But I do wonder if you would elaborate a bit on one of the points that Mr. Douthit stressed in his written testimony. And that is the existence of the five Federal hospitals that we have within 150 miles of each other—the Pine Ridge Health Service Hospital, the Hot Springs Vets Hospital, Ellsworth, Sioux San and Fort Meade—and his belief that there has not been adequate cooperation among those hospitals.

And in particular, he stresses, quoting him: "It is for sure that something is really wrong between the two VAMCs . . ." in the Black Hills in terms of relationship. And I wonder if you would elaborate on that a bit.

Mr. HARMON. Well, I think that is changing. Earlier the mobile CT scanner was mentioned and I think this has been an area of cooperation, and I think we are going to see more of this, although I would say I guess among our association, and particularly among our clients, there seems to be a great deal of competition between the two facilities. I think the veterans still perceive that.

The CT scanner, which is also shared by Ellsworth Air Force Base, was kind of a shining example in fact of cooperation. But I think veterans still perceive that one is to some extent trying to upstage the other as far as facilities.

Not all facilities are available at both hospitals. Certain diagnostic procedures are done at Hot Springs. Audiology. They have a larger, better equipped facility there. Certain tests such as nuclear medicine are done there.

And I think veterans still perceive that this is an area where the two hospitals are somewhat in competition to who is going to get the facilities, who is going to get the new radiology equipment, and this type of thing, because I think there is still a fear among veterans that the VA in Washington does not see two hospitals out here in this small State with this population.

That was another thing that is in the written statement, the fact that they are serving outlying areas, you know, where it is not just Western South Dakota. These are not Western South Dakota's hospitals.

Mr. JOHNSON. I think that is a good point, that these hospitals serve an enormous region.

Mr. HARMON. Right.

Mr. JOHNSON. And while some people may perceive some competition, in fact, there is that degree of competition among all VA hospitals, nationwide, over limited resources. And I think these two hospitals provide outstanding services, not just to South Dakota veterans but as you note, across a wide region of the Upper Great Plains, and do have unique functions as well that very much justify their assistance.

Mr. HARMON. I think our Association is just as concerned about the co-payments, which some non-service connected veterans pay. We are seeing people that are going to private health care. They are not going to pay $25 to see an outpatient physician. They are going to use their insurance and see a physician here in Rapid City. And I am beginning to be more and more concerned about that.

I do not know that the VA in Washington is going to completely staff two hospitals this close together in this area. Are they going to provide them both with nuclear medicine and this type of thing?

Fort Meade and Hot Springs have been sharing those facilities for some time, long before the CT scanner was ever here.

I think in the past there has been some talk at least about sharing other facilities and we have both directors here, so they might want to comment on that.

Mr. EVANS. Of course, we have been fighting for a current services budget which means two hospitals here.

Mr. HARMON. Right.

Mr. EVANS. That is, something that has been impressed upon me by just coming out here, the need with the distances and the fact that not only South Dakota veterans are served but other veterans are also served. So we will continue to work in that regard to preserve the two hospitals.

Thank you.

Mr. HARMON. Thank you.

Mr. EVANS. Our next scheduled witness is Mr. Eldon Redfish, Administrator of Direct Employment, United Sioux Tribes.

Is he here with us today?

[No response]

Mr. EVANS. Is Mr. Tom Iron here, by any chance?

[No response]

Mr. EVANS. All right. We will move on then and if they do come in we will try to accommodate them.

VOICE FROM THE AUDIENCE. Can I ask a question?

Mr. EVANS. Can you hold your question until we are finished? The court reporter cannot hear you anyway. We will have scheduled witnesses first and then try to open it up to other people. We are trying to move ahead.

We are going to have to ask you to hold your question until we are finished and then I will try to accommodate you at that point. We cannot hear you without the microphones. After the hearing, we will ask you to come forward and talk into the microphones.

We are going to have three representatives of the Veterans' Administration testify next.

They are Dr. Carl Gerber, Director, Fort Meade VA Medical Center; Mr. James S. Exparza, Director, Hot Springs VA Medical Center and Mr. Bruce Cain, Acting Team Leader, the Rapid City Vet Center.

We want to thank you for your participation in the hearing. We will withhold questions until all three of you have had an opportunity to testify.

Dr. Gerber, will you please begin?

STATEMENT OF CARL J. GERBER, M.D., MEDICAL CENTER DIRECTOR, VETERANS ADMINISTRATION MEDICAL CENTER, FORT MEADE, SOUTH DAKOTA

Dr. GERBER. Mr. Chairman, Fort Meade is very pleased to be able to appear before this Subcommittee on Oversight and Investigation to present data on health care for veterans in South Dakota.

You have the written testimony, and I will not bother repeating that. I would like to emphasize some things that I think are particularly obvious about West River, South Dakota.

In 1985, a study was conducted by the Department of Medicine and Surgery addressing health care services to veterans living in geographically remote areas. Six counties were identified with a veteran population of 4,752 for which the Fort Meade VA Medical Center is the closest facility.

Half of those six counties have been identified as health manpower shortage areas, as are other numbers of our counties out here. They have severe degrees of health care personnel shortages.

These six counties, represent 15 percent of our total veteran population base, and these patients must travel move than 150 miles to get to the Fort Meade VA Medical Center.

These are problems which we have which are not common in Eastern or more urban settings.

Our population is unique in another sense, too. In the most recent set of statistics, 24 percent of the Native American population served by and hospitalized at VA medical centers have been hospitalized at the two West River hospitals at Fort Meade and Hot Springs.

An exceptionally high percentage of our Sioux veterans in this area are combat veterans and many are service connected.

We have begun to work much more closely with the Tribe and the Indian Health Service to provide care for these deserving veterans. And yet Eagle Butte, which is the closest reservation to Fort Meade, is approximately 100 miles from that facility.

Fort Meade also is actively affiliated with the University of South Dakota School of Medicine. As such, we teach between 36 and 40 percent of the third year medical students at our facility in such basics as medicine, surgery and psychiatry.

The teaching affiliation proves to be favorable to us in that because of it we are able to recruit much younger, well-trained, academically-oriented staff. The affiliation and the location within these beautiful Black Hills of South Dakota have allowed us to recruit a physician staff of unequalled excellence and permits us to provide excellent care to veterans.

Because of the fine staff and the nursing and other personnel at Fort meade, I can say without fear of contradiction that we are able to and that we do provide care of the most complex medical, surgical and psychiatric patients in West River, South Dakota, outside of the Regional Medical Center in Rapid City.

Another significant feature of being in a rural setting is that there is a much higher utilization of VA facilities. Nationwide the percentage is rather low of veterans who utilize VA facilities. That may represent employment, it may represent the availability of other services to veterans.

In our area, between Hot Springs and Fort Meade, of the veterans in our catchment area, we serve almost 10 percent of those veterans. This is at least double and most of the times triple the percentage of veterans served by VA medical centers in more urban settings.

It may be, as I say, a reflection of the unavailability of other alternatives readily existing in urban settings.

With regards to our budget, Fort Meade would like to thank the members of both the House and Senate Committees for their generous handling of the VA budget in recent years.

Our recurring funding has increased over each of the last four budget years. I am sad to say, however, that our costs continue to escalate at even a greater rate, so that current dollars have meant reduced services.

This year we find that we must set aside some M&R project funding in order to meet our costs in our personnel and other areas.

At Fort Meade, we have requested conversion of some intermediate beds to nursing home care unit beds and we have requested funding. This conversion can be accomplished immediately with no additional resources. But that must be followed up by a minor construction project to redesign the space to meet criteria as a nursing home. Such a project has been submitted.

We also requested funding to renovate our surgical service. This must be done. We have been assured that this project has high priority with the medical region and that it will be funded in early 1989.

In summary, we feel that we provide excellent service to South Dakota veterans within our abilities and within our resources. New program requirements, however, such as decentralized hospital computer program, increased quality assurance requirements, utilization review, third party billing, thrift savings and the new retirement program, the FERS retirement system, have been added without any additional staffing supplied.

With the addition of each new program, manpower has been shifted to provide the necessary response. Such shifting of manpower has eroded our ability to respond to the direct care needs of our veterans.

I do feel that we provide significant care in an area where other resources are not readily available and our ability to serve the veterans of South Dakota must be preserved and must be enhanced.

When Darrell Jepson spoke he talked about the need to continue quality care for the veterans in South Dakota. I think that we do provide quality care. We do need to assure that these small, rural hospitals continue to be funded because I think that in terms of primary and secondary care we provide a great service to the veterans in this area, not just Western South Dakota, but in the other States that surround us as well.

As far as some of the things that Mr. Douthit's testimony concerned, in terms of gynecologic services, Fort Meade shares those services through a sharing agreement with Ellsworth Air Force Base. We do provide services to female veterans, and when we have outreach programs, which we have regularly in a number of areas, we try to present brochures on female health care and to increasingly make those female veterans aware of the services available at the VA facilities in South Dakota.

Again, I thank you for the opportunity to present material and to have this opportunity to appear before your committee, Mr. Evans.

[The prepared statement of Dr. Gerber appears on p. 84.]

Mr. EVANS. Thank you very much. Mr. Exparza, you are next.

STATEMENT OF JAMES S. EXPARZA, DIRECTOR, VETERANS ADMINISTRATION MEDICAL CENTER, HOT SPRINGS, SOUTH DAKOTA

Mr. EXPARZA. Thank you. I am James Exparza, the Director of the VA Medical Center at Hot Springs, South Dakota.

I want to thank you, Mr. Chairman, for the opportunity to testify before you. And with your permission, rather than read my statement, I would like to summarize it for you, if that is okay with you.

Mr. EVANS. Without objection, so ordered.

Mr. EXPARZA. The primary objective of the Hot Springs VA Medical Center is to provide good quality primary care and secondary care and dental care to the some 33,000 veterans we have in South Dakota, in West River, South Dakota.

Currently we are operating at 169 beds and we offer good services in the four major bed services of medicine, surgery, psychiatry and rehab. medicine.

Our special medical programs do include intermediate care and a geriatric evaluation unit as well as a respite are unit in our hospital.

Currently we do have surgical subspecialties in podiatry and optometry as well as subspecialties in neurology and dermatology. We also have a mental hygiene clinic as well as a 30-bed alcohol dependence treatment unit.

Recently we redesignated four of our beds to rehab. medicine beds, and this provides us the opportunity to strengthen the hospitals rehabilitative efforts in behalf of our veteran patients.

One thing that I am particularly proud of is the mobile CT scanner that we do have available that is assigned to Hot Springs, South Dakota and that is shared with the VA medical centers at Fort Meade and also Ellsworth Air Force Base.

We also have a minor contractual sharing agreement with Southern Hills Hospital that we provide emergency CT scans for that hospital in the community.

Currently we are trying to expand that service to the Indian Health Services in Pine Ridge Reservation, because their medical services are somewhat wanting in that particular area. And we are trying to expand in that particular area now.

Other contractual services that we do have with Ellsworth Air Force Base and with the community are in nuclear medicine, ultrasound, audiology, speech pathology. So I think that we are providing a good community service as well as backing up some of the other hospital needs and service needs in this particular area.

During the past three years and during my tenureship at the VA Medical Center at Hot Springs, we have emphasized the need for ambulatory care, and in particular, ambulatory surgery, and we are moving faster and faster in that area in trying to generate more interest in ambulatory care as well as ambulatory surgery.

And I might add that Dr. Gerber and I have recently entered in some conversations which are privileged at this point but we are attempting to cooperate more and more in the areas of ambulatory care.

In addition to the general medical services that we have in the hospital, we also have a small three-bed dialysis center that we take care of the patients needing dialysis here in West River, South Dakota and we also have a home dialysis program.

We have special referral services and counseling services for patients in need of SCI, spinal cord injury services, or visual impairment, that we do not have, but refer them to other VA hospitals in the area, primarily either Denver or Minneapolis VA Medical Center.

One area that we are particularly proud of is our expansion of outreach services or rural health clinics for the veterans not only in South Dakota but also into Nebraska as well as Wyoming.

And since 1985, we have been operating clinics down at Alliance as well as Newcastle, Wyoming, and recently, Dr. Gerber and I have negotiated conversations and talks and we are looking at expansion possibly of a rural health clinic either into Gillette, Wyoming and also as well assure some expansion into Rapid City, South Dakota.

I think I would like to comment here on Congressman Johnson's statement about the possibility of what is perceived to be competition between the hospitals.

I think as you pointed out, Congressman, there is competition between all VA medical centers for the budget dollar. And so I think it is perceived competition more so than real competition.

If you look at it closely, I think the hospitals are sharing more resources than is actually perceived by some of the veteran patients in the area.

I would also like to make a comment about the geographical area that we have to serve. I am affected by it more in Hot Springs than Dr. Gerber is at Fort Meade. But we have a vast number of veterans that we have to serve into the Northwestern section of the State of Nebraska and in the Southeastern corner of Wyoming as well.

One area that we were having difficulty with, and I think we found a unique solution to it, and that is providing orthopedic joint replacements for our patients. We were having some difficulty of getting those services from the two VA medical centers, the tertiary centers, and we have entered into a negotiated contract with Ellsworth Air Force Base that they provide the implants and we reimburse them through our contractual arrangements.

To date we have taken care of five patients badly in need of those joint replacements.

In addition to the medical center, we also have a 400-bed domiciliary at Hot Springs, South Dakota. It provides a very viable, necessary service for our aging population in West River, South Dakota.

Also, the recently funded Domiciliary Care Program for Homeless Veterans provides us an opportunity now to provide outreach for the homeless veteran and we have one person on board now. Unfortunately, he had an emergency appendectomy two weeks ago and we had to take him off the streets. But we did put him in a van and he was operating between Pine Ridge Reservation and Rapid City, South Dakota, trying to offer services to the homeless veterans that we have in this area.

In closing, the VA Medical Center, Hot Springs, plans to continue providing quality care to the veterans in our area. We plan to continue assessing the health care needs of this veteran population and to continue developing innovative strategies to meet these needs.

Within the constraints of the Veterans' Administration's three Resource Allocation Models, we plan to continue assessing the Medical Center's financial position, to cut costs and increase productivity to the extent that quality care will not be compromised.

And I would conclude my statement at this point. Thank you.

[The prepared statement of Mr. Exparza appears on p. 89.]

Mr. EVANS. Thank you very much. Mr. Cain, you are next.

STATEMENT OF BRUCE CAIN, ACTING TEAM LEADER, RAPID CITY VET CENTER, READJUSTMENT COUNSELING SERVICE, VETERANS ADMINISTRATION

Mr. CAIN. Mr. Chairman, with your permission, I would like to read my short prepared statement and then be available for any questions.

Mr. Chairman and members of the committee: I am pleased to be here today to brief the members of this subcommittee on the activities of the Rapid City Veterans Outreach Center.

The Rapid City Vet Center staff is comprised of a three-person team. This Vet Center currently has three full time equivalent employees (FTEE) to carry out its mission in this rural community.

The breakdown for staff composition is as follows:

The Team Leader, who is a Vietnam combat vet; the Office Manager; we have a clinical psychologist on board whose title is referred to as Counselor.

Historically, the staff of this Center has enjoyed a mix of ethnic backgrounds. And examples of that would be Black, Hispanic and Native American employees.

Our mission is outlined in Public Law 96–22 which was passed by the 96th Congress. The hallmark of this law is to provide outreach and readjustment counseling assistance to Vietnam era veterans and/or their immediate family members as it applies to the military-related issues.

The Rapid City Vet Center provides two basic categories of service to the veteran clientele. The first type is social service counseling and includes claims assistance for service-connected disabilities, discharge upgrades, procurement of active military medical records and VA records, awards and correspondence, and employment counseling.

The Center works closely with the South Dakota Job Services and the South Dakota Department of Labor who provide an on and off-site Disabled Veterans Outreach Person known as a DVOP to assist our clientele with their employment needs.

Additionally, we maintain a widely diverse number of referral resources within the community that address nearly all social and personal needs, including those networking with the Rapid City Police Department and the Pennington County Sheriff's Department that allows us to assist in resolving crisis and other situations that may arise when dealing with our veteran population.

The clinical component of the Rapid City Vet Center provides readjustment counseling through various means. Clinical services include assessment, treatment planning, treatment followthrough and/or referral in any one or all of the following forms: crisis intervention, individual counseling, couples counseling, marital counseling, family counseling, men and/or women's groups, couples communication groups and workshops for those clientele who have needs in the areas of stress reduction, coping skills, impulse control, diffusion of anger, just to name a few.

Additionally, family members of the eligible veterans are also seen at the Rapid City Vet Center, keeping in mind the relevance of their contribution and involvement as it relates to the specific treatment intervention being provided to the veteran.

Additionally, we provide a wide range of referral resources to private, community and Federal medical and mental health programs. This may include, but is not limited to, referral for alcohol and drug treatment, general psychiatric, acute psychiatric and medical attention.

Referrals and appointments are made with the environmental physician at Fort Meade VAMC for those veterans that are in need of or treatment for agent orange related concerns.

To enhance the accessibility of the resources located both at the Fort Mead VAMC and Hot Springs VAMC, the Rapid City Vet

Center participates in a shuttle program in cooperation with the respective VAMCs and the local DAV Chapter to provide transportation to those veterans whose needs are outside the scope of the Vet Center mission.

The Rapid City Vet Center has provided services to over 1,700 Vietnam era veterans with varying needs. This number accounts for approximately 11 percent of the Vietnam era veterans within the catchment area of the Rapid City Vet Center.

This large, pastoral setting is comprised of 28 counties in three States and encompasses three Native American reservations.

Two percent of the 1,700-plus veterans that have been provided service by this facility have been female. Approximately 8.5 percent of the total number of Vietnam era veterans in this Center's area of responsibility are Native American veterans which comprise approximately 7 percent of the Vet Center's clientele.

As with most rural areas, the Rapid City Vet Center's catchment area includes many small communities scattered over a wide geographical expanse which necessitates extensive outreach efforts on the part of the vet center staff.

Poor economic conditions in the predominant industries of ranching, farming and mining have resulted in increased alcohol and substance abuse, and in a higher risk for domestic violence.

Within this context, the staff of the Rapid City Vet Center continues to actively pursue the mission of providing outreach and counseling to help all Vietnam era veterans within the catchment area to a full and meaningful post-war readjustment to civilian life.

Mr. Chairman, this concludes my remarks. I shall be pleased to answer any questions you or the members of your committee may have.

Thank you.

[The prepared statement of Mr. Cain appears on p. 92.]

Mr. EVANS. Thank you. I am very pleased to have you before us today, Mr. Cain. I noted in Dr. Gerber's comments that the Sioux Indians who are veterans have a very high number of combat veterans.

I see you are close, perhaps closer at least if not 100 percent, but closer in matching the percentage of Native American veterans here to the numbers that you serve.

What are some of the particular problems that our Native American Vietnam veterans are facing?

Mr. CAIN. Well, I think if you look specifically at the reservations—for example, Saturday I went down to the National Vietnam Veterans' Powwow at Pine Ridge—I think you will find that the rural setting, you cannot get much more rural than that. The unemployment rate along with the substance abuse rate, but primarily the unemployment rate makes it nearly impossible for those individuals to travel these distances to seek services. This is something that has continued to be a very difficult part of our outreach efforts, given our three-person team and the large area that we have to cover.

So certainly I think perhaps in the area of being able to make use of the resources available to them, whether the Vet Center or the VAMCs, is certainly a concern that we have to look at more seriously.

Mr. EVANS. You serve such a vast area. What kind of outreach services do you have? What efforts do you make in that regard?

Mr. CAIN. Okay. At present, we have plans to start another men's and women's group down on the Pine Ridge Reservation.

As of recently, we have just finished a couple of groups, well, actually, three groups here at the Vet Center. Given the numbers of individuals that come in the door seeking our services, if you will, walk-in, it is very, very difficult to get out and do the type of outreach that we would like to do to these more remote areas. So at present, the only services that are being provided outside of the ity of Rapid City and perhaps the Fort Meade and Hot Springs areas are going to be focused in the Pine Ridge Reservation area. And that will be upcoming. approximately four weeks from now we are going to start having some meetings down there, groups.

Mr. EVANS. Doctor?

Dr. GERBER. Mr. Chairman, with regard to the outreach, 24 percent of those Native Americans who are hospitalized in the United States are hospitalized at our two hospitals, Hot Springs and Fort Meade.

We do provide an alcohol counselor, for example, to go to Eagle Butte once a month and particularly to attend and to establish an AA meeting there.

We are working with Mr. Cain to provide more services and we will be sending up a rehabilitation counselor for job counseling on the reservation as well.

Part of what concerns me and I am sure concerns Mr. Exparza is the sometimes perception that we have in our combined catchment area only 39,000 veterans. When you look at the larger urban hospitals, that is not a great number of veterans. And I think that the Eastern mentality sometimes looks at West River, South Dakota with two hospitals and 39,000 veterans and says why do we need two hospitals?

Part of it is the distance. There is approximately 100 miles separating Hot Springs from Fort Meade. We travel 150 to 200 miles North of our hospital for veterans that we serve.

Hot Springs travels similar distances South and Southwest from their hospital. We cannot serve those veterans with a single facility located anywhere in West River, South Dakota. The distances are enormous.

If I could give you one little vignette: I walked into the hospital one morning at 7 O'clock, and they were doing CPR on a patient, on the floor, in our emergency admitting area. That patient had driven from North of the Indian reservation approximately 120 miles to the hospital, was brought by his friends, while he was coughing up blood. My administrative assistant, when he heard this, said My God, they should have taken him to the closest hospital. I said, they did.

Mr. EVANS. That is interesting. I appreciate you pointing that out. Mr. Exparza, would you like to comment, too?

Mr. EXPARZA. About the outreach program itself. We, just three weeks ago, in order to try to enhance the services to Pine Ridge veterans. We initiated, in cooperation with the Lakota Vietnam Veterans Association down there a transportation unit. We provide the van; they are providing the driver, at this point. We are deal-

ing with sheer distances again. The Pine Ridge Reservation is approximately 70 miles from Hot Springs, South Dakota. And those patients down there, those veterans, just have no means of transporting themselves up there. So the van makes a trip in the morning, waits for the patients and then returns in the evening.

In addition to that, we also have outreach workers in the alcohol and dependence treatment unit that cover Pine Ridge as well as Rosebud Reservation and reach all the way down into Nebraska and parts of Wyoming as well. So unless you deal with the geography out here, it is something that is almost insurmountable when you begin dealing with it.

Mr. EVANS. Could you just briefly address what efforts you have made for women veterans and that perception problem?

Mr. EXPARZA. In the domiciliary, we have a project going on right now to enhance the female bathroom facilities. We have bed capacity now for ten female veterans, and we are improving the bathroom facilities for that right now.

The hospital itself is built at the turn of the century, 1900, and it is in need of major renovation and we just do not have adequate facilities there for female patients.

We do have two private rooms that we try to maintain for female patients with restroom and bathing facilities. But depending upon the demand and the admission of the patients, those two private rooms may not always be available.

Mr. EVANS. Where would you refer those people?

Mr. EXPARZA. We take care of them in the hospital, but it is not an ideal situation. We generally end up, if we have a large census on any given day, we will have to move patients to accommodate the females.

Mr. EVANS. Tim?

Mr. JOHNSON. Dr. Exparza, I was pleased, in your testimony, that you documented so very well the ongoing cooperative efforts that your hospital has made with a wide range of government and nongovernmental agencies, everything from working closely with the Indian Health Center, the use of the mobile CT, of course, the rural health clinics, not only in South Dakota and with the military base but in Nebraska and Wyoming, the close work with Ellsworth on the orthopedic work going on, the cooperation with the DAV and with the Oglala Lakota vets. I think all of these things are essential that we get that word out that our VA hospitals are in fact doing everything that they can to maximize the bang for the buck that the American taxpayer puts into those hospitals. And in many instances, they have been just models of cooperation, of doing the kinds of things that need to be done to maximize the impact.

One question I have for you is simply the current, whether you see any needs in the near horizon for physical plant, substantial physical plant renovation or improvement in Hot Springs.

Mr. EXPARZA. Yes, sir, I do. And this has been one of my major concerns in the three years I've been there. Hot Springs itself has not had any major renovation within the physical constraints of the building since 1928–29 time frame when they added one wing to the hospital.

It is badly in need of significant improvements concerning privacy, bathing facilities, restroom facilities for patients.

It just is not up to date as far as practice of modern health care. Something is going to have to be done to improve that particular facility.

In anticipation of a project that was supposed to have been completed or started this fiscal year, we did close out a ward and we are awaiting funding for that project now. Hopefully by the turn of the fiscal year that project will be on the funding list this year. And that will be the first step forward to true renovation of Hot Springs and bringing it forward to the 20th Century.

Mr. JOHNSON. Dr. Gerber, I was particularly interested in your conversion of some of the intermediate beds to nursing home care beds; and the lack of nursing home beds available to American vets is a cause of great concern to me.

The VA indicates that we need about 3,500 new nursing home beds by 1992, additional, and the current budget calls for only 120 more this year. It is obvious that we are going to fall drastically short unless we start doing some innovative things to address the needs for nursing home care for vets.

I wonder if you would elaborate a little bit on that. How many nursing home care beds would you be providing and what needs to be done to follow through on that proposal?

Dr. GERBER. The proposal would provide ultimately 120 nursing home care unit beds. Those beds currently are occupied, however, Mr. Johnson, with intermediate care patients. The VA's definition of intermediate care patients is usually long-term care patients who cannot be placed in community nursing home care units.

We have a census of 17 that are contracted out by us in community nursing home units.

What we need is better facilities for those nursing home care unit patients. It would allow us some improved facilities for those long-term care patients and allow some turnover, hopefully, with more active rehabilitation.

I would, if I could, address one other issue, and this is the issue that has been brought up of the mobile CT. This is an example of a tremendous sharing effort between Hot Springs and Fort Meade.

I think that part of Mr. Douthit's concerns are that in our budget request we have requested a permanent in-house CT scanner for the year 1990. It is anticipated that our workload would grow such that that will be necessary. We could, at this point, utilize the services of a full-time, in-house CT scanner.

The existence of the mobile CT scanner has saved a considerable amount of money and we appreciate its presence. The fact of the matter is that this is such an important aspect of modern care of patients that the Fort Meade VA Medical Center as well as the Hot Springs VA Medical Center need more of those services on a more permanent, full time basis, than is able to be provided by that shared mobile CT scanner.

Mr. JOHNSON. Very good.

Dr. GERBER. It is not an issue of competition between the two facilities. It is an issue of trying to provide the highest quality care that we can afford for our veterans in West River.

Mr. JOHNSON. I would rather that you erred on the side of being too aggressive in trying to secure the technology and resources you need for adequate quality medical care than to err on the side of

being too conservative and not letting the VA and the Congress know what your true needs are. And so I commend you for your effort to expand the level of technology available for quality health care and for the cooperation that we have seen between the two hospitals.

Your renovation for surgical service, could you elaborate a little bit on that? What are you doing there?

Dr. GERBER. Fort Meade was built in 1960–65. We are a fairly modern hospital. However, the surgical services are now 20 to 30 years old. The operating rooms and the ward need to be renovated. That is the only area of the hospital which has not been renovated within the recent decade. It will modernize the facility so that we can reach JCAH requirements which we currently meet only marginally.

Mr. JOHNSON. Very good. Mr. Cain, I want to just remark on the side, Mr. Chairman, that I have had an opportunity to visit with some people at the Rapid City Vet Center and I can think of several instances, one in particular comes to mind, of a vet who stopped me on the sidewalk outside and said you know, if it were not for this Rapid City Vet Center, he said, literally, I would not be here today. It is that simple. The stress that he had undergone was something that could not have been met by anything other than the services that were provided by the Rapid City Vet Center.

So we are not always just talking numbers and personnel and programs. We are talking human lives and productivity when we talk about programs like the Rapid City Vet Center.

Given the enormous outreach obligations that you have and the geographic distances and so on, does your current level of personnel allow you to meet the needs that you see in the near future with that personnel and do you see any need to change the mission at all of the Rapid City Vet Center to expand to a larger pool of not just Vietnam era vets but to other vets that as the years go by may need some services?

Mr. CAIN. Representative Johnson, I myself personally do not differentiate between veterans. In my eyes, a veteran is a veteran is a veteran.

Unfortunately, the services at this time that we offer are to the Vietnam era veteran only. I would say there is a need. I have noticed a need. We have been requested by veterans of other eras to provide services.

So, yes to that question. Insofar as the staff to do the job, I am certainly not in a position to solicit Congress for additional FTEE.

Mr. JOHNSON. You are the only one who does not.

[Laughter]

Mr. CAIN. But at the same time, what I can say is that our current efforts are very strained, to say the least, in being able to outreach the remote areas that are in our area of responsibility, our catchment area.

Mr. JOHNSON. Does the store front nature of the center, is that a major factor in your ability to reach out to these people with those needs?

Mr. CAIN. I believe so. I believe the environment that we provide at the Vet Center is an environment that is conducive to individuals that come in that are quite stressed out, maybe having a vari-

ety of problems. And the environment, the atmosphere, the staff, our surroundings, I think are conducive to the type of treatment and treatment approach that our clientele need. And it has been very successful, in my opinion, at this point.

Mr. JOHNSON. As you know, one of the proposals recently has been to merge the outreach centers out of the storefront locales and into the VA hospitals in Sioux Falls, in our case, in South Dakota, and that has been met with a great deal of resistance from vets I have talked to saying that there sometimes is some lingering distrust of the VA bureaucracy, that they feel much more comfortable with this kind of outreach center in an independent location.

Do you find that?

Mr. CAIN. Yes, sir, I would say that that is a correct statement.

The individuals that we have come in contact with, our veteran population, certainly feel more at ease at the vet center as opposed to perhaps going to a VA proper, so to speak.

Something that I may add, here a short time back I conducted an independent survey of agencies within the Rapid City area and I polled them by telephone, the directors of each agency as to their feelings insofar as if the Vet Center were in a position to relocate onto VAMC station or not.

And they were given three choices. Basically, they could go either way and it really would not be a problem for them—that they preferred that the center stay in Rapid City, that they preferred that the center be relocated.

And I am going to say just off the top of my head, it seems to me it was, I am going to say at least 25 agencies that I talked to the directors myself. And all of them, every one of them, said that they wanted the center to stay in Rapid City where the population base was and not to be moved up to Fort Meade.

Mr. JOHNSON. Very good. Thank you. Mr. Chairman.

Mr. EVANS. Thank you. I appreciate your testimony.

Mr. CAIN. Thank you.

Mr. EVANS. We have another panel now of Mr. Frank Farnandez, the Acting Director of the VA Medical Center and Regional Office Center in Sioux Falls. He is accompanied by Mr. Jim Schultz and Larry Lindholm. Mr. Schultz is an Adjudication Officer at the Sioux Falls Regional Office and Mr. Lindholm is the Assistant Chief, Medical Administration Service.

If you will all please come forward, we would appreciate it. We are particularly pleased that we will be able to visit your facility later today and we are pleased that you could join us, knowing that the distance you had to cover is quite great today.

You may begin your statement whenever you wish. If you would summarize it, we would appreciate that and we will include your entire statement in the record.

87-694 O - 88 - 2

STATEMENT OF F. FARNANDEZ, JR., DIRECTOR, VETERANS ADMINISTRATION MEDICAL AND REGIONAL OFFICE CENTER, SIOUX FALLS, SOUTH DAKOTA, ACCOMPANIED BY JIM SCHULTZ, ADJUDICATION OFFICER, SIOUX FALLS VA REGIONAL OFFICE AND LARRY LINDHOLM, ASSISTANT CHIEF, MEDICAL ADMINISTRATION SERVICE, SIOUX FALLS VA MEDICAL CENTER

Mr. FARNANDEZ. Mr. Chairman, we appreciate the opportunity to review with you the activities that we are involved in in Sioux Falls at our facility.

As you may be aware, we are one of only eight organizational settings that are arranged with both a hospital facility as well as the Regional Office, under the direction of one management staff. And we find this to be an effective way to deal with our activities here in South Dakota.

We do work very closely with our West River facilities here. We serve in a support way to provide clinic of jurisdiction responsibilities for not only our DVB activities but also our fee basis arrangements, which in fact provide services for rural veterans to visit their local physician, if you will, to provide for certain services.

The Sioux Falls hospital facility, which is our Royal C. Johnson hospital, is a 246-bed general medical and surgical facility. And we provide a full spectrum of primary care and selected areas of tertiary care.

We have a number of beds set up for both medicine, surgery, psychiatry, intermediate medicine and we also operate a 75-bed nursing home.

We recently finished the construction of a new $11.5 million outpatient services area and we also added about $5.5 million worth of new equipment to our facility.

The hospital works in conjunction with Medical District 18. We plan, in terms of the area for our veteran population, the activities, the services to be available. We work with both Minneapolis, Fargo and St. Cloud. And we use those facilities in terms of referral of our patients for services which are not available in Sioux Falls.

We also currently serve as the primary teaching facility for the University of South Dakota Medical School. We also are affiliated in surgery with the University of Nebraska.

It is interesting to note that the South Dakota Medical Information Exchange is operated out of our hospital and this is a primary educational facility which provides support to Iowa, to Minnesota, and to South Dakota, in terms of a bridging mechanism. And it has been used extensively.

The hospital itself serves a veteran population of 100,000 veterans which includes Eastern South Dakota, counties in Southwestern Minnesota and also counties in Northwestern Iowa.

There has been much talk about an aging veteran population. And that has become obvious at our facility. More than 45 percent of everyone who presents for care is in excess of age 65. And we expect that situation to continue in that vein.

As with the West River hospitals, our patients have to deal with tremendous distances. The majority of our patients live in rural environments, within a 200-mile radius of our hospital. And so once

again, the issue of how we get them transported has in fact become a major problem.

Working with the Disabled American Veterans, we have established a transportation coordinator through the Disabled American Veterans at our facility, have provided office space, and that program is functioning extremely well. We are in fact using our local service organizations in the community, have set up volunteer drivers. We provide information through this coordinator who in fact arranges for transportation for these people who have scheduled appointments or who are scheduled to be admitted to the hospital. And it has worked out very well for us so far.

We also at Sioux Falls provide administrative support for two veterans outreach centers, one in Sioux City, Iowa, which is in our primary service area and also one in Sioux Falls.

As has been indicated in the past, South Dakota ranks as one of the lowest in the nation in terms of patient-physician ratio. And we have a number of counties that we deal with where there is no physician services at all.

The VAMROC in Sioux Falls is a major force in the community. We happen to be one of the largest employers, one of the largest health care delivery facilities in the State and we have a budget of over $27 million a year and employ more than 600 employees.

We also operate or have responsibility for Department of Veterans Benefits activities in terms of our Regional Office. We currently have 53 full time employees on board. Many of those people also, of the administrative services, are really in support of the hospital as well.

For example, our entire finance activity and our entire administrative activity, although paid for out of DVB, serve as common services for the hospital as well.

There has been some discussion about a deterioration of timeliness and I suspect there has been some slippage. Our facility in the past two years has taken a reduction of about 10 percent of our total staff, going from somewhere around 60 two years ago to currently about 53.

Our philosophy in dealing with those cuts, where possible, was to avoid direct service area cuts. So if we were dealing with our Veteran Services Division or Adjudication or Vocational Rehab, those were not areas in which we were able to make any cuts because we new the impact would be felt immediately.

This current year, however, there was a freeze imposed. The turnover did in fact occur in our adjudication area and I do believe that we have seen some reduction in the timeliness of processing claims.

I do believe that, despite this, and I have some statistics that I would like to share with you, our people have done an amazing job despite this kind of thing through innovative mechanisms to share resources, to cross train people, to have people learn new operations, and where workloads have reached a lower point can shift people here and there to ensure that work is accomplished timely.

And in some areas we have even seen some improvements occur. I think it did provide us an opportunity to rethink the way we were doing business.

In the State of South Dakota we have currently about 9,400 veterans who receive disability benefits and we are paying out more than $40 million annually.

In terms of death benefits, we have 3,300 plus beneficiaries and it is costing the Federal Government about $11 million annually.

We have 1,500 service persons, veterans and dependents, in receipt of educational benefits and vocational rehab benefits to the tune of about $5 million annually. And we also have been actively involved with the Veterans Job Training Act.

In terms of the activities itself, during 1987, the Regional Office processed about 21,000 claims, with 76 percent of those claims being processed within 30 days of receipt and 87 percent completed within 60 days of receipt and less than 1 percent taking more than six months to complete.

Currently, using 1988 data, I would suspect that has probably slipped somewhat. Not a great deal. And I think there is some other information that bears on that.

The timeliness of our activities processed in our office are better than standards and also better than the national average in 15 areas that are in fact measured. In all 15 areas we still do a better job that what we are seeing in other places around the country.

There are ten measurements for processing timeliness in both rehab. and education areas and we in fact are doing much better than those standards in all those areas.

In addition to processing claims, for compensation, pension and education, we also provide assistance to claimants in terms of the activities Mr. Harmon had alluded to earlier.

We maintain 800 service numbers throughout the State. Last year, we processed more, or received more than 38,000 calls from around the State. And 27,000 of those calls came in on the 800 toll-free number.

We also had a drop call rate which would indicate that we did not have staffing to answer that or the people really got tired and decided to hang up before we were able to get to them, of less than 7 percent. And that is really extremely good when you look at the time people can really use to call. That is, breaks, lunch times, and things, people who are employed.

So we hit those peak areas and we really have done an excellent job in maintaining that service.

We also conducted 4,250 interviews at our facility and over 9,000 at the VAMCs here on the West River. As we had indicated, we do provide support in terms of the veterans benefits counselor, both at Hot Springs and at Fort Meade.

In addition to the programs I have discussed, we also provide for a guardianship program, that we currently are supervising 584 people who are not capable of managing their own accounts. And that is an extremely time consuming program but we have done an extremely good job and we are assured now that the management of the funds for these people who are incompetent or who have not met the age of majority in fact are being well handled.

Despite the changes that have occurred in terms of resources and funding, we believe that our people have done a tremendous job. You know, it is amazing when we look at how long we can continue to do this with the level of resources that are provided. Despite a

reduction of about 10 percent resources, we know that the workload has not fallen off to that degree nor has technology made up that difference. We have made some improvements in that area. And I suspect what we have to hang our hat on is that we have an extremely highly motivated work force. And we are extremely fortunate there.

We have had a tremendously supportive public. No question about it.

We have a volunteer program which has been great. And our veterans service organizations in South Dakota have done a tremendous job.

I would be pleased to respond to any questions you might have.

[The prepared statement of Mr. Farnandez appears on p. 95.]

Mr. EVANS. Thank you very much. I certainly do not mean to blame you, but I know the cutback in personnel must have some impact and I know you have tried to rearrange the priorities, you might say, of that office.

But has the quality—besides the timeliness—has the quality of claims adjudication at your Regional Office substantially changed? For example, are more notices of disagreement being filed and have the allowance or remand rates of the Board of Veterans Appeals changed any since those cutbacks have occurred?

Mr. SCHULTZ. Mr. Chairman, the Board of Veterans Appeals recently conducted some travel hearings, sent a travel board of three members to Sioux Falls in May. They conducted I believe it was seven or eight hearings there. They had, I think it was 11 or 12 that were scheduled. But there were some that cancelled out.

And before he left, the chairman of the travel board left me with some statistics which would indicate that during fiscal year 1987, which is the last year that he had statistics available, the allowed rate for appeals processed by the Board of Veterans Appeals from Sioux Falls was below the national average for allowed rate. The remand rate was also below that of the national average. So in fact it appears that the quality of decisions being made by the staff in Sioux Falls is if anything at least maintaining its better than average record.

Mr. EVANS. Going to the timeliness issue, you talked about the technology not really being that helpful, but are there additional pieces of equipment, computers, other things that we need to be doing that might help make up for the loss of personnel?

Mr. FARNANDEZ. In terms of individual pieces of equipment, I do not really think that that is what we are into.

I think we have all the equipment we need. What we are looking at are systemic changes in terms of the programming that is available within the entire system.

Right now we have made substantial progress in the past several years in terms of what tasks can in fact be automated, in terms of the total systems approach, is really where we are moving.

Many of the things we had to do manually are now handled in an automated capacity. There are a number of initiatives at the national level, seeking grassroots information about what can in fact now be put on the computer and save us time.

Right now, I think, given the system we are using, in terms of the benefit delivery system, we are probably, we have maxed out the capacity of that equipment right now.

Mr. EVANS. I understand that fewer than 7 percent of the veterans who have been certified as eligible under the Veterans Job Training Act actually receive training. Unfortunately, the Department of Labor cannot be represented here today. Could you give us your opinion why so few veterans in the State have been placed, and what can be done so that more veterans will be placed?

Mr. FARNANDEZ. Yes, sir. That is an interesting area.

We have had one of the lowest rates of participation around the country. It was not because the slots were not approved for training or what have you. However, the Veterans' Administration merely processes the request.

Now, we have worked with the Department of Labor and with the State Job Service to try to have this become an area of emphasis, especially in the major population centers. It has not taken off. And beyond that, I am just not sure why. I am not sure that we have been able to legitimately show employers or potential employers the real value in terms of cost savings in their pocket, you know, what you can truly save by bringing on a veteran, and being able to convince him that a veteran employee represents a substantial asset in that organization.

Mr. EVANS. Well, I am sorry to see that. Because you know, we have just gotten through in our budget the money to provide for that program nationwide. Unemployment in the Korean and Vietnam era veterans population tends traditionally and historically to be higher than their non-veteran counterparts. It does provide up to $10,000 in subsidized and on the job training wages. And it's just a real shame that given those factors that we cannot get a better program going here in the State. I think that is one thing we are going to continue to monitor. Unfortunately, we could not get a Department of Labor witness, given the State conventions going on, to appear today. We understand that. But that is certainly something that I am going to take back from this hearing and we will be looking very closely at it. Tim?

Mr. JOHNSON. Thank you, Mr. Chairman. And Mr. Farnandez, I appreciate, too, in your testimony again, the very able emphasis on the unique problems we have in the State of South Dakota, and the need for the VA hospitals that we maintain in the State, with the combination of a very rural population, a high veteran proportion, low income, low physician to population ratio and the unique problems that come with our Native American population, all of these together leading to a great demand on veterans health care services in the State of South Dakota.

One of your references in your testimony was to the exploding size of the over-65-year-old veteran and what we can project happening over the next ten years in the demographic makeup of veterans that we are going to be dealing with.

And I wonder if you would elaborate a little bit on what kinds of changes you foresee having to be made in the VA and at the Sioux Falls hospital to accommodate that changing need?

Mr. FARNANDEZ. Well, obviously, specialized medical problems develop as a result of the aging process. We have begun to see a shift in the kinds of services which we make available.

The whole field of geriatrics and the aging process has become a unique kind of a problem. Our ability to provide those very specialized services, specialists for example who in fact have that orientation and know what kinds of services are in fact in demand, the shift from acute care facilities to intermediate services, the additional demands upon rehabilitation kinds of services, the expanding need for nursing home care, which in fact has been discussed at length, the people who truly have the clinical skills to deal with the problems of an aging population.

We need to be in a position to attract those clinical skills to our facility.

As you may well be aware, the issue of being able to attract and retain qualified health care professionals in a variety of fields, not only in gerontology or geriatrics or whatever, has just been a tremendous burden on the Veterans' Administration.

We are not able to remain competitive. And we will continue to deal with that problem. And I am afraid it will continue to take a disproportionate share of medical care dollars, if we are in a position to continually purchase those services from the outside.

Mr. JOHNSON. Knowing that this problem is coming, is there long-term planning, concrete planning going on about how, specifically, the VA is going to be able to meet this challenge? Or is it something that we are going to find the tidal wave coming over us and only then are we going to try to respond?

Mr. FARNANDEZ. The VA has done a number of things, both on a nationwide basis and also at the regional and at the medical district level.

There has been a number of national aging conferences, in terms of what the VA must do to develop a strategy to meet this crisis, if you will.

Within the medical districts, and I can speak for Medical District 18, we have had a variety of aging veteran task forces set up in terms of developing strategies to the year 1995 to 2000. What in fact will we do? What kind of bed situation will we need? How many of these people can we expect to present for care? What can we do about adult day health care? What can we do about hospital-based home care?

The plans are relatively elaborate and pretty specific in terms of our planning for the year 2000 right now.

I think we have assumed a very positive posture and are prepared to deal with it, assuming the resources, once again, are available.

Mr. JOHNSON. One last thing. I appreciate that as a representative of the Veterans' Administration you may feel somewhat constrained.

But nonetheless, is it fair to say that the loss of about 500 personnel nationwide from claims processing and a loss of about 1,800 health care personnel nationwide would not be helpful to you?

Mr. FARNANDEZ. Okay. Actually, I honestly believe, especially looking at DVB first, if in fact they would come out of the processing area, I believe it would be just absolutely disastrous.

And in terms of health care delivery, with what I am seeing around the nation, in discussions with other associate directors and directors, we just cannot bear that level of cut, if in fact, our charge is to continue to treat an expanding workload associated with an aging population. We just will not be able to do it without taking discretionary care and setting it aside.

Mr. JOHNSON. Very good. Thank you.

Mr. EVANS. I thank you, very much, for your testimony today.

Mr. FARNANDEZ. Thank you, sir.

Mr. EVANS. Thank you. Our last scheduled witness is Mr. Chester Leedom, the District Director of the Small Business Administration.

We will also ask you to summarize because we do want to at least recognize the woman in the back who wanted to talk, and we have another statement that we will probably submit to the committee files.

Chester, knowing that you are low man here on the totem pole, I am sorry to say, if you would summarize.

STATEMENT OF CHESTER B. LEEDOM, DISTRICT DIRECTOR FOR SOUTH DAKOTA SMALL BUSINESS ADMINISTRATION (SBA)

Mr. LEEDOM. Mr. Chairman, thank you for inviting me. And I will be glad to be brief.

The Small Business Administration has as a constituency in South Dakota the business community.

The veteran community is a significant concern within our constituency. And I believe that we have made a very respectable effort to accommodate the needs of South Dakota's veterans.

The tables attached to my statement I believe reflect quite good results considering the percentage of veterans in the community.

Basically, we provide three services: financial assistance, training and counseling, all related to business and business problems.

The veterans that we deal with are veterans who perhaps wish to go into business, who are perhaps just in business or perhaps are in business with problems.

We operate from the far Eastern edge of the State. We serve the entire State from the Sioux Falls office.

Like all of the witnesses who have gone before, we have the problems of wide open spaces and long distances. We are, therefore, very reliant on the close cooperation of a great many other groups in the State.

I believe we have a good network. I think it is effective. I will, as I say, stand on my figures for the past five fiscal years approximately as evidence of that effectiveness.

I am not so naive as to think we cannot do better. And that is of course our objective.

Outreach is an ongoing problem, how to get the message out regularly concerning the availability of our services, so that South Dakota's veterans know what they can expect from us.

I will let that suffice, Mr. Chairman. If you have any questions, I would be pleased to try to answer them. Otherwise, I very much appreciate the opportunity to be here today.

[The prepared statement of Mr. Leedom appears on p. 98.]

Mr. EVANS. Do SBA staff meet with the veterans service organization representatives to review SBA programs, and how frequently do these meetings occur?

Mr. LEEDOM. It is not set up on any kind of regular basis, but we do try to do it on a fairly consistent basis.

We meet from time to time with the service officers when we have attended their annual training meetings.

We have had excellent relations with the outreach centers here in Rapid City and Sioux Falls and their representatives in Aberdeen and Pierre. They have been very good in helping us schedule training.

We have more contact with the VA hospitals through our 8(a) program, our contracting program, than we do through our veterans assistance officer. But I have so few people, that when they are out in the field they have to represent all aspects of SBA.

We do try to keep the liaison going.

Mr. EVANS. When will South Dakota veterans be able to receive computer-linked management training and how long would that be available to them?

Mr. LEEDOM. I have not been advised when our turn will be. When we get the unit we will probably have it for 60 to 90 days. That program is so new that I really am not well informed yet.

Mr. EVANS. How much is available for direct loans to South Dakota veterans and how much percentagewise of those funds will actually be used?

Mr. LEEDOM. The direct funds for veterans are not allocated on a regional basis. That is one of the few areas where we approve the loan subject to funding and then request funding from Central Office.

I cannot tell you what our usage will be. It has been sufficient for the need that we are aware of. But I cannot tell you how much is—I do not believe any is set aside, any particular percentage is set aside for South Dakota.

Mr. EVANS. Tim?

Mr. JOHNSON. Thank you, Mr. Chairman. And thank you, Mr. Leedom, for your testimony today and the documentation you provided for us.

Mr. Chairman, we in South Dakota are particularly proud that former Senator Abdnor of course is head of the Small Business Administration, and has provided very able leadership to the SBA nationwide. And the SBA has played an important role in South Dakota over the years.

One of the concerns that was raised by Mr. Douthit in his testimony as provided to us by Mr. Harmon from the Veterans Service Officer seemed to be, and he certainly was not singling out the SBA, but it does seem to be a continuing problem, one of the concerns that he was expressing was a need for more information on the part of veterans service officers relative to SBA programs and greater liaison with the SBA.

And with the—and I appreciate you have a personnel shortage and the people you supervise are doing 15 different things and wearing different hats.

But I wonder if you do see the possibility of perhaps institutionalizing a little more the interaction between the veterans service

officers and the SBA? I think that might be something worth investigating to see if we can do that.

Mr. LEEDOM. We would be pleased to explore that. Needs of this sort many times escape us unless they are brought to our attention. And then we are more than pleased to work on them.

Mr. JOHNSON. We may communicate to Mr. Douthit the possibility of opening that channel and perhaps there is yet something else that can be done.

Mr. LEEDOM. Sure. Be glad to.

Mr. JOHNSON. Thank you, Mr. Chairman.

Mr. EVANS. Without objection, we will permit additional questions in writing to be submitted to these witnesses as necessary followup and these questions and the written responses from the witnesses will also become part of the official hearing record.

Mr. EVANS. We will also include the statement of Mr. Lloyd Goines of Native American Vets. Association that he has given us in the committee file with other documentation.

Mr. EVANS. At this point, we will adjourn the hearing.

[Whereupon, at 10:10 a.m., the subcommittee was adjourned.]

APPENDIX

Opening Statement of
Hon. Lane Evans, Chairman
Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
U.S. House of Representatives

Rapid City, South Dakota
June 13, 1988

The hearing will come to order.

Good morning. Before we begin, I believe a commendation is in order for your Congressman and my friend and colleague Tim Johnson. South Dakota veterans are fortunate to have someone with such concern and compassion representing your best interests in Washington. And those of us on the Veterans' Affairs Committee are equally fortunate to have the opportunity to witness and experience his concern on your behalf.

I worked with Tom Daschle when he was on our Committee and now with Tim. I believe it is very safe to say that South Dakota veterans know what you are doing when it comes to sending representatives to Congress that will protect your programs.

It was at Tim's urging that we scheduled this hearing. He wanted to give you -- veterans' leaders, veterans' program coordinators, individual veterans, and VA officials in South Dakota -- a forum to examine what is transpiring on both the state and national levels that will affect veterans and their families. We will hear from a group of distinguished witnesses today in the hope that questions will be answered, facts will be revealed, legitimate concerns will be conveyed and veterans will be better informed and better served.

I understand a number of people were unable to attend or participate in this hearing because they are attending a veterans' organization state convention. The annual state conventions of both The American Legion and the Veterans of Foreign Wars are in progress in other parts of the state, and we certainly hope those conventions will be successful.

I want to thank the people who have made our use of this excellent facility possible today. Your cooperation and assistance are certainly appreciated.

We are here to learn as well as to share. And let me assure you that what we learn today will not remain in the confines of this room. It will travel back to Washington with us and will play a role in our legislative deliberations on your behalf.

In Washington, the 100th Congress has been very productive as far as veterans' benefits are concerned. I'd like to quickly review a few accomplishments of the past year and a half:

I'm sure you are aware that we are trying to have the Veterans Administration upgraded to a Cabinet-level Department, and we are very close to achieving this. Though this legislation does not fall under the jurisdiction of our Committee, we obviously have a very large stake in the outcome. Our Committee Chairman Sonny Montgomery and Ranking Minority Member Jerry Solomon introduced the original legislation.

The measure passed the House by an overwhelming vote of 399-17. The Senate Governmental Affairs Committee, chaired by Senator John Glenn, has approved the bill and the full Senate is supposed to take it up any day now. We're in good shape in the Senate. The bill has 74 cosponsors. The House and Senate should be able to resolve our differences in conference very quickly. Furthermore, the President has given the legislation his endorsement, so veterans should soon be represented at the Cabinet table.

We're not talking about government expansion or big spending with this change. We're simply talking about giving the 27.5 million veterans of this country direct access to the White House and access to the policy-making process that affects them and their families ... access that veterans deserve.

- When you consider the 52 million dependents and survivors of veterans, the VA has a potential constituency of almost one-third of the U.S. population.
- The VA is the largest independent agency in the federal government.
- It ranks second only to the Department of Defense in number of personnel.
- The VA has the fifth largest budget of any federal agency or department, which it uses to operate the largest health care delivery system in the free world, 59 regional offices and 112 national cemeteries.
- More than four million Americans receive a VA check each month.
- The VA administers one of the federal government's major home loan guaranty programs and the largest direct insurance program in the U.S.

Furthermore:

- the VA has provided education assistance to more than 20 million Americans.
- and it has done more than any other agency to promote the dignity of the disabled and to assist them in becoming productive citizens.

Farmers are represented in the Cabinet. And they should be. So are students, teachers, and welfare recipients, and that's fine. They should be. But we think it's way past time for veterans to have this privilege. You earned it. You deserve it.

During this Congress, we have enacted a 4.2% compensation and D-I-C cost-of-living increase that showed up in March checks (and our Subcommittee on Compensation, Pension and Insurance has just approved another 4.2% COLA that would be effective on December 1 of this year).

We enacted major housing reforms to help veterans avoid foreclosure and reduce the amount of their liability should they default on low to moderately-priced homes.

We established a permanent education assistance program for our veterans and service personnel ... the Montgomery GI Bill. More than one-half million active-duty and reserve personnel have enrolled in the program since it began.

We reinstated the travel allowance many of our veterans use to get to the nearest VA medical facility. Our bill lifted severe eligibility restrictions the VA imposed last year. These restrictions left many veterans out in the cold without any way to get to the hospital. Our bill opens it back up and makes many service-connected and low-income veterans eligible for travel pay again.

We established an entitlement to outpatient care for veterans who want to get treatment for their service-connected disabilities as well as for certain non-service-connected veterans. This is similar to the entitlement to hospital care for service-connected and low-income non-service-connected veterans that we established in 1986. Up until that time, no veteran had an entitlement to any type of health care; there was nothing on the books that said the VA had to take care of anybody, not even the service-connected veteran. Our bill changed that, and now we have extended it to outpatient care.

We've called for a national plan for the future of our Vietnam veteran readjustment counseling centers ... our Vet Centers. We have 189 of them across the country, including two in South Dakota. Our bill prevents the VA from attempting to close or move any Vet Center without first coming through our Committee.

We have a new public law that will provide compensation on a presumptive basis for certain atomic veterans. Under this law, the VA is authorized to presume that 13 different cancers are service-connected if a veteran participated in nuclear tests or in the occupations of Hiroshima and Nagasaki. The VA will pay an atomic veteran compensation if symptoms of the cancers showed up within 40 years after these events...30 years for leukemia.

We extended the Veterans' Job Training Act for two years and authorized another $120 million for it. This successful program pays employers half of a veteran's starting wage, up to $10,000, to train him and hire him. Here in South Dakota, $647,500 have been spent on this program and approximately 171 veterans have gone back to work.

From a budget standpoint, we're in fair shape. We're trying to get what we call a "current services" budget for next year. That's all we've ever really asked for ... just enough to allow us to deliver essential services from year to year with inflation factored in. The House has passed a compromise budget resolution that would set VA spending levels at $28.8 billion.

No one can accuse veterans of asking for more than their due or of not doing their part in deficit reduction. In fact, veterans have contributed upwards of $3 billion to deficit reduction in the past five years or so. You're more than holding up your end of bringing government spending under control. You've tightened your belts as much as anybody ... more than some.

Let me assure you that we are not going to let the Office of Management and Budget or any other so-called budget experts take advantage of our veterans. We are going to protect your programs.

Here in South Dakota, where the veteran population is nearly 80 thousand, the VA is spending over $140 million annually.

The VA guaranteed more than 1000 home loans for South Dakota veterans last year. These guarantees total more than $60 million.

With three medical centers, three outpatient clinics, a nursing home care unit, two Vet Centers, three national cemeteries, and a regional office, there's a lot going on in South Dakota from a VA standpoint, and we need concerned individuals and strong veterans' advocates like Tim Johnson to help protect these programs.

Tim, it is a pleasure to be with you and your fellow South Dakotans here in Rapid City. Later today, we'll have the opportunity to visit with veterans in both Huron and Sioux Falls. I would like to recognize you now for any opening remarks you would like to make.

STATEMENT OF THE HONORABLE TIM JOHNSON
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE
FIELD HEARING, RAPID CITY, SOUTH DAKOTA
JUNE 13, 1988
CHAIRMAN LANE EVANS

Thank you, Mr. Chairman for calling this hearing in South Dakota, the state with the highest per capita population of veterans in the United States. With more than 70-thousand veterans and three Veterans Administration Medical Centers, South Dakota is indeed an ideal locale in which to listen to the concerns of our veterans on the provision of veterans benefits and services.

The American people owe a great debt to our nation's veterans. Many people take our freedoms for granted. We have a high standard of living, a free and open society, beautiful natural resources -- but we could enjoy none of these were it not for the veteran. When it becomes necessary for the United States to defend its freedoms by going to war, or to maintain freedom by sending our peace-keeping forces throughout the world, or to provide a strong defense here at home, it is the veteran who has willingly volunteered his or her service for our country. It is the veteran who has suffered the pain on behalf of our people. It is the veteran who has fought and died for our way of life.

Congress recognizes this debt we owe our veterans. It is for this reason that you have called this hearing, Mr. Chairman -- to search out and solve problems before they have a chance to adversely affect the quality of the service and benefits a grateful country provides the men and women to whom we owe so much.

We have accomplished much for the veteran in the 100th Congress. Landmark legislation making the GI Bill a permanent program has been signed into law. The Veterans Administration home-loan guaranty program has been revised, making it easier for veterans to achieve that basic American dream of owning a home. Severe restrictions on beneficiary travel have been relaxed. Omnibus legislation expanding several health and education programs has been passed. We march on, but much remains to be done. And that is why I thank you, Mr. Chairman, for calling this hearing in Rapid City, for we can best do our work when we know what the ultimate beneficiary, the veteran, is thinking.

There are a number of issues that greatly affect South Dakota's rural veterans. First among them is beneficiary travel: adequate compensation for beneficiary travel can mean the difference between receiving care or being effectively denied care. Long rural distances from VAMCs in South Dakota make this especially important. In light of the VA's attitude, what does Congress need to do to ensure continuance and possible upgrading of this vital program?

In addition, the status of the Veteran's Outreach Centers is of great concern. I have worked closely with you, Mr. Chairman, in fighting to save this vital program. As you know, the VA has tried to cancel the Vet Center in Sioux Falls as part of a pilot program phase-out; the current VA budget cuts $4.7 million and 79 FTEs from the program; this is bound to have a negative effect on SD's two Vet Centers, one of which is located here in Rapid City.

A shortage in Nursing Home Capacity also looms on the horizon. The nation's veterans are getting older, and the question of long-term health care is becoming more important. The current Reagan budget proposes only 120 new beds in FY 1989. With aging veterans, we will need an additional 3500 nursing home beds by 1992.

A problem South Dakota's small VA hospitals face is that of Rural Hospital Funding. Our VA hospitals tend to get edged out for research funding and for new equipment; the tendency is to continue funding hospitals with a track record of research. This has the effect of weakening support for these smaller but vital VAMCs in the rural areas of the United States.

In short, Mr. Chairman, South Dakota's veterans are subject to all the problems that face veterans everywhere, and are more impacted by the problems unique to a rural area. Again I thank you for calling this hearing, and I think both of us and the subcommittee will leave here greatly the wiser for having listened to the veterans of South Dakota.

STATE OF SOUTH DAKOTA
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
OFFICE OF THE ADJUTANT GENERAL
2823 WEST MAIN STREET
RAPID CITY, SOUTH DAKOTA 57702-8186

Air Guard | Army Guard | Civil Air Patrol | Veterans Affairs | Emergency And Disaster Service

June 10, 1988

Honorable Tim Johnson
House of Representatives
513 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Johnson:

I would like to thank you and your committee for the opportunity to present written testimony on the delivery of veterans services.

I sincerely regret that my schedule did not permit me to appear before your committee and present this in person.

First, I would like to briefly give you an overview of my Department's involvement in the delivery of veterans benefits in South Dakota. As you may be aware, I have a Division of Veterans Affairs who is responsible for coordinating and assisting veterans in securing their eligible benefits and services.

The following is an example of the benefit areas we assist the veterans in and by no way do we claim to be sole provider of these needed services, but rather we work closely with the VA and veteran organizations of this State to see that our veterans are provided their entitlements.

a. Life insurance benefits.

b. Hospital application preparation.

c. Securing medical care.

d. Employment assistance.

e. Educational assistance.

f. Vocational rehabilitation.

g. Nursing home admission.

h. Death benefits.

i. Burial service.

j. Dependency and indemnity compensation.

k. Pensions.

l. Service connected compensation.

m. Tax exemption (State real estate on dwelling).

n. State bonus and loan program.

In some of these benefit areas the State makes a direct dollar contribution, but more important is that we estimate our per year average impact on the State's economy is about $4 million dollars through the acquisition of proper veteran services.

Secondly, I would like to briefly address the services of the Veterans Administration. South Dakota is very fortunate to have highly professional and truly dedicated people serving our veterans. The Veterans Administration can and should be proud of the services they provide for they are a key player on the medical service team. South Dakota is privileged in having three of the finest VA Medical Centers in the system. Each of these centers treat annually over 50,000 outpatients and there is no question, due to the aging veteran, that medical services will steadily increase for the next several years.

I have selected the Regional Office and the Medical Center in Sioux Falls as my focal points for this testimony, but as you can rest assured that the other centers at Fort Meade and Hot Springs have similar problems.

The Sioux Falls Veterans Administration Regional Office (VARO) was relocated to the grounds of the VA Medical Center in 1983. Its area of jurisdiction consists of all 66 counties in South Dakota and serves a veteran population of 80,000. The present FTEE is 53, which is a decrease of 8 from 1986. As it now stands, almost every division is experiencing vacancies or their ceiling is very low, which has caused the station to develop timeliness problems. Although they are above the national average, it continues to deteriorate. In addition, the employee morale is considered very low because the work load is increasing and the staffing level is decreasing.

It should be noted throughout the Regional Office that there is a shortage of target terminals. Presently, service organizations must compete with each other and the VA staff for use of terminals. At least three terminals could be fully utilized.

With an authorized ceiling of 14, staffing is considered inadequate. Presently, there is a Development Clerk and Correspondence Clerk vacancy. Morale is considered to be low. This is not only due to the low staffing

level, but also the way Central Office views and credits the end product of this station. It was explained that due to the location of this station, the new local weights used to determine the credit given for the end product is very low when compared to a facility located on either coast with an equal work load. It was indicated that those stations would get 50 percent credit. If this is so, the Central Office should develop a better system to provide the proper credits to the regional offices, since this has a direct impact on a station's budget.

Presently, there is one unit and one rating board, which consists of two rating board specialists and a doctor who comes to the Regional Office when needed. Because there is no room for rotating the rating board specialists, there is a high rating error. This has been supported by the quality review studies.

It was found that the average length of time to complete an original compensation and pension (C&P) examination is four to four and one half months, two and one half months for dependency and indemnity compensation, and 104 days for other claims. Presently, there are 1,359 claims pending, of which three percent are over six months old. Approximately ten percent of the C&P claims are processed without pulling the claims folders.

According to the latest records, there were 287 Notices of Disagreement received last fiscal year and about 131 as of March 28, 1988. During the last fiscal year, there were 159 cases processed at the Board of Veterans Appeals. It is estimated that 11.9 percent were allowed and 17 percent were remanded for either another examination or further development.

The Medical Center provides a large spectrum of care in the areas of tertiary care in medicine, surgery, acute psychiatry, and intermediate care to approximately 99,842 veterans who reside in the station's primary service area (PSA), which covers the eastern half of South Dakota, 10 counties in northeast Iowa, and 12 counties in western Minnesota.

The Medical Center's budget is considered to be inadequate. Last year their total operating budget was $28,426,496. This fiscal year (FY) the budget was set at $28,160,350, which is $266,146 less than last year. In addition, the station's research budget was cut from $50,000 to $29,000. This has affected the Medical Center in many ways, particularly in the recruiting of qualified physicians.

I believe that it is obvious that additional finding and FTEE's are a key factor in delivering adequate care to our veterans. Congress must address these requirements to meet the needs of the VA medical care system.

In addition to the above, I have one other concern to share with your committee and that is we, in South Dakota, right now have travel problems for our veterans. Since beneficiary travel was severely restricted, many veterans have been unable to receive medical treatment because they simply have no means of transportation. Even with the revisions to beneficiary

travel, I don't believe it adequately addresses the specific and unique travel needs of the veteran in rural America. There simply needs to be allowances made in beneficiary travel for those veterans living in rural areas. I would strongly urge the committee to appropriate adequate funding to meet the needs of the beneficiary travel program.

In conclusion, I would like to re-emphasize our concern over the decreasing funding and employee levels. These decreases have caused serious problems in the delivery of medical and benefit care to our veterans. We are very fortunate in South Dakota to have the dedication of personnel which has reduced the impact of these budget cuts but if these reductions continue, there is no way even the most dedicated employees will be able to maintain the existing level of services.

I again would like to express my appreciation for the opportunity to present these concerns to the committee and encourage you to address these needs as rapidly as possible.

Sincerely,

PHILIP G. KILLEY, Brigadier General, SDANG
The Adjutant General

AMVETS

American Veterans of World War II Korea-Vietnam

June 7, 1988

Oversight and Investigations Subcommittee of the
House Committee on Veterans' Affairs
Mr. Darrell Shoemaker
Office of Congressman Tim Johnson
429 Kansas City Street, Suite 7
Rapid City, SD 57701

Ladies and Gentlemen of the Subcommittee:

After questioning as many members of AMVETS Post #1 as possible, one question seemed foremost on the minds of several individuals. That is: Why is it so difficult to obtain a VA medical card from Ft. Meade? The main problem that arises is the VA wants to know a veteran's gross income to determine his/her ability to pay for private hospitalization.

We feel this is not a just way to determine the eligibility for treatment. A person's gross income has little to do with their living standards. A gross income of $100,000 may sound impressive, but if business expenses amount of $90,000 the remainder leaves little for hospitalization insurance. In a farming and ranching area such as this, these figures are all too common to many veterans.

Thank you very much for your time.

Sincerely,

Bing Harkin, Commander
AMVETS Post #1
Belle Fourche, SD 57717

DEPARTMENT OF SOUTH DAKOTA
VETERANS OF FOREIGN WARS
OF THE UNITED STATES INC
3601 S. MINNESOTA AVE.
SIOUX FALLS, SO. DAK. 57105

STATEMENT OF

ROBERT J. PETRIK, COMMANDER
DEPARTMENT OF SOUTH DAKOTA
VETERANS OF FOREIGN WARS

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

VETERANS PROBLEMS AND CONCERNS IN SOUTH DAKOTA

MEMBERS OF THE SUBCOMMITTEE:

Thank you for the privilege of presenting to this distinguished Subcommittee the views of the Department of South Dakota, Veterans of Foreign Wars of the United States with respect to employment for veterans, the hiring of additional employees at the Sioux Falls VA Regional Office, and the medical care and treatment of Military Retirees. There are a number of other veterans problems in South Dakota, but I have chosen these three for presentation here today and I want you to know that the South Dakota VFW is grateful for this opportunity.

My testimony has been divided into three parts to point out the specific problems to which I am referring. They are as follows:

VFW TESTIMONY AS IT RELATES TO EMPLOYMENT SERVICES TO VETERANS

The Veterans of Foreign Wars of the United States has been involved in numerous efforts over the years to improve employment and training assistance to veterans who frequently need special help in making the transition from military to civilian life. Such efforts have involved the establishment of preferential treatment to veterans within governmental agencies and priority referral of veterans to job orders through the State Employment Agency.

Each year for the last 30 years, the South Dakota Veterans of Foreign Wars has recognized an outstanding Job Service Office in South Dakota for its efforts on behalf of veterans in the field of employment. This year's state winner was the Sioux Falls Job Service center which was also submitted for national competition by our organization.

The Veterans of Foreign Wars has been concerned in recent years over the erosion of veterans preference in hiring by Federal agencies. Most notable are the problems involving veterans preference within the U. S. Postal Service and the Department of Labor. A recent example in South Dakota of the erosion of veterans preference by Federal agencies has been the hiring practices of the Federal Bureau of Prisons in its new facility in Yankton, South Dakota.

The Federal Bureau of Prisons has established for itself a minimum manandatory hiring age of 35. Since preferential treatment is given only to wartime veterans and the last recognized period being October 15, 1976, this minimum age effectively does away with any preferential treatment for veterans. Because of the vast number of World War II veterans in the age bracket of the fifties, this also effectively discriminates against them as older worker veterans. The Federal Bureau of Prisons makes no exception for anyone who served their country in the military. We would encourage this Committee to look into the hiring practices of the Federal Bureau of Prisons and how they relate to veterans preference.

In South Dakota, we enjoy a low rate of unemployment with the latest statistics showing us now at a 2.7% rate, which is one of the lowest in the nation. At the same time, we have many Native Americans residing on reservations with high rates of unemployment and little or no assistance from any governmental agency in resolving the issue.

We ask this Committee to look into this issue and also to take steps that would provide at least some type of employment assistance to these deserving veterans.

Regional Office Problems Located at Sioux Falls, SD

The Regional Office located in Sioux Falls, SD was completed and occupied June, 1983. It is located directly across from the Medical Center, thus providing ideal working conditions.

The present FTEE is 53, which is a decrease of eight from 1986, with all divisions short of help because of a Congress imposed hiring freeze which has now seriously affected timeliness of completing claims for the veteran or his dependents.

The South Dakota VA Regional Office represents the whole state of South Dakota, consisting of approximately 80,000 veterans with 26,532 active claims folders retained at this station--of which 19,405 are living cases and 7,127 are death claims.

The Rating Board rates approximately 279 cases per month. The Rating Board consists of two Rating Specialists and one part-time physician.

The Adjudication Division authorizes approximately 1902 cases per month with monetary benefits to South Dakota veterans and their dependents of $4,119,911.

We feel that the hiring freeze should be lifted and employees should be hired so that an overworked group of people in the Regional Office can better serve the veterans and their dependents for the state of South Dakota.

87-694 O - 88 - 3

Treatment of Military Retirees

DOD Stops Reimbursing VA for Some Care. This was the title of an article in the Army ECHOES, Volume XXXII, Issue 1, January/February 1988. This was inacted as a result of the VA incorrectly billing the DOD for services rendered to retirees.

The following is implementing instructions the VA Medical Center in Sioux Falls passed out to retirees.

> Effective April 1, 1988 the Department of Defense (DOD) no longer will reimburse the VA for medical care provided to military retirees, unless specifically authorized by DOD on an individual case-by-case basis.
>
> The only acceptable documentation of authorization by DOD that the VA may accept is a completed DOD Form 2161, which the military retiree must obtain from the nearest DOD hospital.
>
> DOD will only pay for care at VA facilities when a person is taken to a VA facility by the Military Medical Air Evacuation System, or when a person is referred directly to a VA facility by a military medical treatment facility via a completed DOD Form 2161.
>
> Therefore, all military retirees applying for care on or after April 1, 1988 will be provided services based on their eligibility status as a VA beneficiary, unless they present a completed DOD Form 2161 at the time of application.

Subsequently, all military retirees falling in eligibility Category C must agree to make the applicable copayment in order to be eligible for care from the VA.

Military Retirees who have entered into an episode of care at a VA facility prior to April 1, 1988 will have until June 30, 1988 to complete their treatment at DOD expense. Effective July 1, 1988 all such military retirees who have not obtained a DOD Form 2161 from a military medical care facility will be subject to the VA's eligibility criteria, and may be required to make a copayment in order to continue to receive medical care services from the VA.

The part that effects the retirees in the Sioux Falls area is: DOD will only pay for care at VA facilities when a person is taken to a VA facility by the Military Medical Air Evacuation System, or when a person is referred directly to a VA facility by a military medical treatment facility via a completed DOD Form 2161. Given the fact that there is no Military Air Evacuation in the Sioux Falls area and the closest military treatment facility is Offutt Air Force Base, NE, approximately 190 miles away, the idea of driving to Offutt to complete the DOD Form 2161 is just not reasonable. The standard answer to retirees is: use CHAMPUS. With a VA facility right in Sioux Falls that doesn't make sense either. The money might be DOD and VA but it's all the tax payers.

PARALYZED VETERANS
OF AMERICA
Chartered by the Congress
of the United States

STATEMENT OF

DARRELL E. JEPSON, SENIOR VICE PRESIDENT

PARALYZED VETERANS OF AMERICA

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

REGARDING

HEALTH CARE CONCERNS OF VETERANS

FIELD HEARING

RAPID CITY, SOUTH DAKOTA

JUNE 13, 1988

Chairman Lane Evans and Members of the Subcommittee, I am Darrell E. Jepson, Senior Vice President of Paralyzed Veterans of America (PVA). I appear here today in a dual role as Senior Vice President of PVA, a Congressionally chartered veterans' service organization, and also as President of the North Central Chapter of PVA, which is headquartered in Sioux Falls, South Dakota. On behalf of the members of PVA, it is an honor and privilege to present our views and concerns pertaining to health care for veterans.

It is on behalf of the veterans that I want to thank you, Mr. Chairman, and Members of this Subcommittee, for your interest and effort to conduct this hearing here in Rapid City. It is meaningful for veterans to know that they can be seen and their voices heard at the local grassroots level.

Additionally, here in South Dakota we are especially pleased to be represented by the Honorable Tim Johnson, not only a capable Member of this Subcommittee of the House Committee on Veterans' Affairs, but also a close personal friend. We also want to express our appreciation, both locally and nationally, for the excellent working relationship with the Subcommittee and Committee Members and their supportive staff members.

Mr. Chairman, keeping in mind the current efforts to reduce the budget, veterans in South Dakota have the same legitimate concerns as veterans nationwide, especially for long term healthcare. Their questions are many: What is the future of the VA; will the VA be able to provide health care, how long in terms of days and months will they need to wait before being admitted to receive the treatment and services they may require, will there be available bed space, will adequate staffing of professional medical personnel be provided, and will my dependents be protected?

The nonexistence of a long range VA plan for providing health care is a serious omission that compounds the perceived problems. With the aging of the veteran population, these questions depict the seriousness of their concerns now and in the future. Even with the support of Congress and the Veterans' Affairs Committees, these concerns remain prevalent to veterans.

We are pleased that, for the last two years, PVA has been able to combine their efforts with three other major veterans' organizations - Disabled American Veterans, AMVETS, and Veterans of Foreign Wars - to produce, publish and present, An Independent Budget by Veterans for Veterans' Programs, "Meeting the Challenge: To Keep the Promise." With your permission, because it is of such significance, I would like to introduce our recommendations into the record today. I might add that the Senate and House Committees on Veterans' Affairs have adopted many of the recommendations of the veterans' organizations, and some of these recommendations have already become Public Law.

Throughout this year, PVA has testified before the House and Senate Veterans' Affairs Committees. The following are highlights.

CREATION OF A DEPARTMENT OF VETERANS' AFFAIRS

For many years PVA has been in the forefront in organizing interest and support for the elevation of the Veterans Administration to a Cabinet-level department. We commend Chairman Montgomery, and Representative Gerald Solomon, the Ranking Minority Member of the House Committee, for their recognition of the merits of such a proposal and for the promptness by which they have secured overwhelming House approval. There are many other Members of the House of Representatives who support the elevation of the VA to a Cabinet level department and we take this opportunity to state our appreciation to them as well.

PVA believes that elevation of the VA to a department is one of the most significant changes necessary for the improved operation of the Agency. This action would permit the Administrator, as a Cabinet Secretary, to better represent the VA's constituency while, at the same time, interact with other Cabinet Members and the President to strengthen and preserve the integrity of all government programs and policies for the benefit of the Nation as a whole.

FISCAL YEAR 1989 VETERANS' BUDGET

As mentioned last year four major Congressionally-chartered veterans' service organizations (VSOs) joined in an unprecedented cooperative effort to develop and present to the Congress a fiscal year 1988 budget proposal addressing the program requirements of the Veterans Administration (VA) Department of Medicine and Surgery (DM&S). It was a "veterans' budget for veterans' health care," independent of the process that builds the President's budget. It was a proactive approach to place on the record the perspective of the Congressionally-chartered consumer representatives of our nation's veterans.

That first Independent Budget was well received in Congress, where encouragement was given to make the Independent Budget an annual event. A budget in which VSOs expressed the concerns and needs of their constituents and presented options not contained in the OMB-dominated Presidential budget was welcomed as a source of valuable information. Satisfaction was also expressed with the framework in which realistic and responsible proposals were presented in accordance with the legislative budget process.

Many of the same concerns that motivated the initiation of the Independent Budget project remain with us today. They are detailed in appropriate sections of a separate document presented earlier this year to the Committees at their respective budget hearings, and enumerate specific concerns that are the reason the VSOs have presented an "Independent Budget" again this year.

Whereas last year's FY 1988 VSO Independent Budget was limited to the health care aspects of the VA, this year's FY 1989 Independent Budget covers all VA programs. The inclusion of all VA programs this year should increase the Independent Budget's value because there are important interrelationships among the VA's departments and program areas.

The FY 1989 Independent Budget has been developed with an acute awareness of today's fiscal constraints on the federal budget. Congress has always given every consideration to the needs of veterans and provided for those needs in accordance with a fair allocation of available federal resources. The primary purpose of the Congressionally-chartered veterans service organizations in presenting this Independent Budget is to provide as objectively as possible a description of veterans' current needs, deferring to the good judgement of Congress to what extent these needs should be met. Some program initiatives for which resources were sought in the Independent Budget last year, but that were not funded, are included this year with appropriate modifications. All recommendations of initiatives in the Independent Budget are made in response to very real needs. However, in light of the extremely constrained federal budget situation this year, we have passed over some initiatives which are important, but which we feel can

be deferred in this era of maximum austerity. The text generally mentions these initiatives, although they are not included in our recommendations for appropriations.

For ease of comparison, the format of this Independent Budget generally follows that of the official federal budget for the Veterans Administration. However, we deal only with accounts for which VA appropriations are required, not with those which are self-financed or financed by other agencies. The text in each broad budget component contains a list of principles and guidelines, statements of the challenges facing the VA, our strategy to address those challenges, and our specific recommendations. Insofar as possible, we have eliminated "boilerplate" verbiage, but we make use of narrative material to explain programs and policies. All policies and recommendations in the Independent Budget have the unanimous concurrence of all participating veterans service organizations.

We are appreciative of the VA's helpful response to our Freedom of Information request for management data in the public domain. It has enabled us to conduct independent analyses of VA programs and trends; better identify veterans' needs; and make informed judgments regarding the administration of medical programs, benefits programs, and VA construction.

Information on which the views and recommendations contained in the FY 1989 Independent Budget is based was not, however, limited to VA reports. Information from other federal and private sources and studies was also used. In addition, we undertook systematic, in-depth discussions with top

management of VA medical centers, and made use of feedback from veteran constituents.

This is a veterans' budget for veterans developed by four major Congressionally-chartered veterans service organizations (VSOs): AMVETS, the Disabled American Veterans (DAV), the Paralyzed Veterans of America (PVA), and the Veterans of Foreign Wars (VFW). In it we have been both fiscally prudent in our recommendations and responsive to veterans' real needs in our proposals.

Three challenges have principally shaped our budget this year. One is the increasing demand on VA programs that stems from the aging of the veteran population. The largest group of veterans, the World War II and Korean War generations, is now rapidly reaching age 65 and over--ages at which health care needs and death rates increase dramatically. This aging process results in a need for more services from the VA's health care system and from its cemetery and memorial affairs programs.

The second challenge facing the Independent Budget this year is the climate of extreme austerity currently characterizing the entire federal budget.

The third challenge is that of veterans' unmet need for VA services. Unmet need appears in the veterans' benefit area, where severe deficiencies in services provided to veterans are found, primarily as a result of understaffing of the Department of Veterans Benefits (DVB), the VA unit that administers benefits programs. We have also found evidence of serious unmet need of multiple types in the VA health care system.

The basic strategy of the veterans service organizations that have authored this Independent Budget is:

- To assure that all veterans receive the benefits and services to which they are entitled;
- To assure that the VA provides these benefits and services in a fashion that is cost-efficient but also timely;
- To assure the integrity, quality, and coherence of the benefits and services the VA provides.

In light of the need for austerity, an important component of the strategy consists of confining our initiatives to actions dealing with veterans' most urgent needs, and proposing to meet these needs in the most economical fashion possible.

Our overall strategy recognizes that total veteran benefit program costs increase less rapidly than inflation because of the declining number of program beneficiaries in the largest benefits programs (compensation and pensions). All such savings should be regarded as available to meet the growing need for health care services that arises as the veteran population continues to age.

In the benefits administration area, our strategy is directed primarily at addressing the poor service the VA is providing. We seek service in the adjudication of claims that measures up to standards of timeliness and quality of the late 1970's, as well as comparable improvements in other important service areas. This will require (1) an increase in staff, (2) the

installation of appropriate automated data processing systems in the VA and their integration across departments of the VA, and (3) the establishment of needs-oriented training programs that will develop, maintain, and upgrade the skills of the benefits program staff.

Veterans are willing to shoulder their share of the burden of deficit reduction. We have consistently stated we will accept a curtailed cost-of-living adjustment (COLA) in 1989 in veterans' benefit programs if all other federal program beneficiaries--including Social Security recipients--do so and there is a similar curtailment of federal contract cost increases due to COLAs in contractor employees' wages. Otherwise, we call for a full and equitable COLA increase in veterans' benefit programs. Our strategy for benefits also calls for putting the loan guaranty program on a sound financial footing, without proving to be detrimental to veterans, as a VA-operated program.

In the medical programs area, our strategy is to attack current problems of unmet need and to meet growing need in the future by increasing emphasis on economical modalities of care. In particular, our recommendation is for more reliance on noninstitutional forms of care, which are generally far less expensive than institutional modalities of care. The VA has recently achieved impressive shifts in the mix of care it delivers toward noninstitutional care, and our strategy calls for still further shifts in this direction.

Our strategy in VA construction starts with the necessity of maintaining the system of VA health care facilities, assuring that they are in good repair

and that functional space is updated to keep up with changes in health care delivery technology and needs. In addition, we call for the development of a system that will realistically assess the need for construction and include a sound system for setting construction priorities. Our strategy also calls for an expansion of the National Cemetery System to make burial plots available in reasonable proximity to veterans' families.

Total appropriations for the VA in FY 1987 were $26.6 billion. Just to maintain the same level of program activity in FY 1988 would require $27.1 billion. This concept of maintaining the same level of program activity as in FY 1987 is what we mean by "current services." The dollar increase from FY 1987 to FY 1988 needed to maintain current services (i.e., to maintain the FY 1987 level of services provided) was small--only about two percent, which was far less than general inflation. It was this small because the number of pension and compensation beneficiaries is declining and because federal salaries (the main cost in medical programs) increased by only some two percent. However, providing this small increase was necessary if the VA were to continue to function in FY 1988 as it did in FY 1987.

Unfortunately, the FY 1988 enacted appropriations total was about $65 million dollars less than the FY 1988 current services level (i.e., less than the amount necessary to continue to provide the FY 1987 level of services). We call for appropriation of the additional amount needed to reach the current services level in FY 1988 so that the VA can continue to provide the services it has offered in the past. If these additional funds are not appropriated, a considerable cutback in benefits services and in medical research will be required.

In turn, the FY 1989 current services level is $28.139 billion, about $1.077 billion above the FY 1988 current services level. Again this increase is modest, but it must be funded just to allow the VA to continue to operate in FY 1989 as it did in FY 1987 (that is what "current services" means).

As part of our computation of the current services level, we include amounts necessary to cover pay raises, and we are recommending these amounts be appropriated in full, at the beginning of each fiscal year--not late and only in part, resulting in staffing cuts as has too often been the case in the past.

Our total recommended VA appropriation level for FY 1989 is $28.485 billion, only about $0.3 billion above the FY 1989 current services level. Thus, as is fitting in an era of austerity, most of the funding increase we recommend is required merely to cover increasing costs, not for new initiatives. Our major recommendations for FY 1989--including managerial recommendations with relatively small budget impact--are as follows:

General Operating Expenses (GOE) and Miscellaneous Recommendations:

- A three-part plan of action to attack the three main causes of severe deficiencies in the quality and timeliness of service provided in veterans' benefits programs. (This service activity is the largest component of GOE.) The plan includes:

1. Addition of 543 FTEEs over the FY 1988 level for administration of benefit programs. The cost of this recommended staff addition is $17 million and it would be divided up among benefit program areas as follows:

Compensation, Pension, and Education	342 FTEE
Vocational Rehabilitation & Counseling	53 FTEE
Veterans Services	148 FTEE

Restoration of these positions would reverse only a small portion of the staffing cuts imposed in recent years.

2. Increased training for benefits program staff, particularly for staff involved in adjudicating applications for benefits. This will improve the quality and increase the nationwide uniformity of benefits determinations. We recommend a minimum of 15 staff and $600,000 for a training unit, plus support for the unit from program staff that will help it develop educational modules.

3. Modernization and integration of automated data processing (ADP) systems to increase productivity and to provide the information flows among VA departments (and across Federal agencies) needed to provide timely and accurate benefits services to veterans, with full regard to due process.

- Opening a second VA regional office in Florida.
- $3 million for the State Veterans' Cemetery Grants program.

Benefits Programs Recommendations:

- A cost-of-living adjustment (COLA) effective December 1, 1988, that is equal to the COLA in other Federal programs. The VSOs are prepared to support a reduced or eliminated COLA <u>if</u> it is applied across the board. We estimate that a full COLA would be approximately a 4.5 percent increase.

- Updating the maximum grant amount for specially adapted housing for severely disabled veterans to $40,000 and updating the maximum grant amount for specially adapted automobiles to $5,530.
- Legislation to extend the eligibility date for the Veterans' Job Training Program to June 30, 1989.
- A $600 million appropriation for the Loan Guaranty Revolving Fund.

Medical Programs Recommendations:

- Restricting program enhancements to medical care (rather than research, administration, or other activities) in light of the need for budget austerity.
- Fully funding cost increases necessary to maintain current services. This is particularly critical in research; serious cuts will result in FY 1988 and FY 1989 if these increases are not funded. Fully funding the current services level in VA medical programs requires almost $50 million more than has been appropriated in FY 1988 and a further increase of approximately $390 million for FY 1989.
- Rapid expansion of noninstitutional long-term care programs in recognition of the particularly rapid increase in demand for long-term care that accompanies aging. This includes increased hospital-based home care; more adult day health programs, community residential care, and geriatric evaluation units; more geriatric research, education, and clinical care centers; more respite care programs and hospices, all at a total cost of $47 million.
- Expansion of nursing home programs, recognizing the inevitability of an increased nursing home census despite rapid expansion of

noninstitutional long-term care. For FY 1989, we recommend an increase of approximately 2,600 in census in VA, community, and state nursing home programs at a combined total cost of approximately $66 million.

- Rapid expansion of outpatient acute care, to 21.4 million staff medical visits in FY 1989, with provision of $91 million for this purpose, while inpatient care, which is far more costly, is held constant.
- A continued prominent role in AIDS treatment (the VA is treating about 7 percent of all U.S. AIDS patients), funded with the $50 million increment expected to be required for caring for these patients.
- A survey to determine veterans' unmet need for VA medical care.
- A multi-faceted program to enhance the VA's recruitment and retention of critical health care professionals.
- Placing a floor under resources allocated to VA psychiatric hospitals and services, with the floor at the level of FY 1987 obligations (and adjusted upward annually for payroll and inflation increases).

Construction Programs Recommendations:

- A high appropriation level, $169 million, for minor construction because of the importance of updating and repairing VA facilities, most of which are quite old.
- A modest appropriation, $368 million, for major construction because the VA does not have an adequate system for basing construction projects on its needs.

- Prompt development of an adequate system for basing construction projects on VA programmatic needs.
- An appropriation of $3 million to begin to buy land for cemeteries that must be added to the National Cemetery System to enable us to meet proposed new criteria for accessibility to veterans' families.
- $40 million for the advance planning and design funds to keep projects moving swiftly forward.
- $30 million for four new 120 bed VA nursing homes each year. $20 million a year earmarked for conversion of VA hospital beds to nursing home beds.

Budget Resolutions

The House of Representatives, has on May 26, 1988, approved by a vote of 201 to 181, the Conference Report on H. Con. Res. 268, the Fiscal Year 1989 Budget Resolution. The Budget Resolution, is expected to be approved by the Senate, would provide the Veterans Administration $28.8 billion in budget authority and $28.4 billion in outlays for veterans' benefits and health-care services.

The Conference report also contains language supporting the concerns of PVA. The Conferees encouraged the appropriate Committees to carefully consider the priorities established by the Veterans' Affairs Committees regarding veterans' medical care and medical facility construction and nursing home units.

CONCLUSION

Mr. Chairman, I want to take this opportunity to applaud your significant contributing efforts and specifically for your personal interest and support for legislation regarding the issues of Beneficiary Travel (enacted into Public Law); Judicial Review and Veterans' Outreach Centers (extend expiration of program). In conclusion we are certain that the Members of this Subcommittees share views similar to those of PVA. Our mutual goal is to make the programs, which you have created, work efficiently and to their fullest potential. National priorities are reflected through Congressional authorization-appropriation processes; therefore, we stress to you that the greatest expression of concern which the Committees can display for veterans is to continue to persuade others in Congress to preserve existing veterans' programs and to make those programs serve the persons for whom they are intended. I want to thank you for the invitation and the opportunity to appear here today.

SOUTH DAKOTA VETERANS SERVICE OFFICERS ASSOCIATION

OFFICE OF: Kerwin "Pee Wee" Douthit Hot Springs, SOUTH DAKOTA

South Dakota Veterans Servicer Officers Association views concerning veterans benefits and services in South Dakota.

THANKS:

1. South Dakota Veterans Service Officers Association gives thanks to the U.S. House of Representatives, Oversight and Investigation Subcommittee for the pleasure of appearing before it and giving written testimony.

VETERANS SERVICE OFFICERS ASSOCIATION SUPPORT:

2. South Dakota Veterans Service Officers Association believes that the VA system in South Dakota does one of the best jobs in the nation in providing service to the veterans, spouses and dependents. Just the services they provide then add on the large area they service, how could anyone state the VA is not doing a excellent job. VAMC's have set outreach medical facilities in communities where veterans would have a long trip to the VAMC. This displays a great concern for veterans within the VAMC's.

POSITIONING OF VA MEDICAL CENTERS:

3. South Dakota being a sparshly populated and large in area is most fortunate to have three good Veterans' Administration Medical Centers and a Veterans' Administration Regional Office. Geographically all three of these VAMC's are located within 40 miles of other states. Sioux Falls VA facility adjoining to the states of Minnesota (east approximately 25 miles), Nebraska (south approximately 80 miles). Hot Springs VA facility adjacent to Nebraska (40 miles south) and Wyoming (40 miles west). Also a large veteran population on Pine Ridge Indian Reservation (40 miles east) and the South Dakota State Veterans Home in Hot Springs S.D. Ft Meade VA facility adjacent to Wyoming (less than 40 miles west), Montana (less than 40 miles northwest). Also veterans from North Dakota (approximately 100 miles north) and a large population from Rapid City S.D. area.

TRAVEL TO VA MEDICAL CENTERS:

4. A point that needs to be made is that there are veterans who live in the central part of South Dakota not only have a long distance to travel to a VAMC but often are not able to travel to these facilities. We in South Dakota are working hard to set up a transportation system manned by volunteers from veterans' organizations to provide travel arrangements for these veterans. Restoring of travel pay from the VA would be helpful, for someone must pay for travel whether it is veteran's themselfs, veterans' organizations or others. Many of the veterans of South Dakota do not have funds that is needed for travel to VAMC's. Many of the veterans' organizations in various communties are composed of indigent veterans, which makes their funds quite limited. Various veterans' organizations are doing a good job in western and eastern South Dakota in the heavier population areas providing travel, but this does little for the central part of South Dakota as for travel to the VAMC's.

FEMALE VETERANS:

5. VAMC' have improved their facilities for the female veterans, but many of them still do not go to the VAMC's due to their belief that the VAMC's still lack a great deal in providing adequate services for females. This can be shown by the number of female veterans compared to number of female veterans that utilize the VAMC's. South Dakota has a large population of female veterans that do not utilize the VAMC's.

OUT PATIENT SERVICE:

6. Due to the Means Test and budget the shift of patients from hospital stay to Out Patients treatment has increase the Out Patient numbers a great deal. Thus increasing the Out Patient doctors work load a great deal, which in turn increases a walk in patient waiting time. At times a walk in patient will wait several hours to all day to see a doctor whither service connected veteran or not. VAMC's have done alot of hard work to try to correct this problem, but the numbers seems to overload them with little results.

MEDICAL STAFFING:

7. Hot Springs VAMC has worked very hard in obtaining and keeping a good staff of doctors, but due to the area many of the younger doctors apply for jobs else where. This is due to what is available to them in Hot Springs as this community is small with a older age group of people living there. This is also true for the nursing staff. So all in all the Hot Springs VAMC has to work very hard to keep the good staff of doctor and nurses, but at times the facility may be lacking in one or other and possibly in both. This is not a fault of the VAMC.

MORALE:

8. Four years ago the staff personnel at Hot Springs VAMC seemed to be very happy to be working at the VAMC but for the last couple of years this has not been true. This also the case at other VAMC's (Sioux Falls VAMC). The question is "Is there a change within the Veterans Administration on the national, regional or district level that is effecting the employees this way". The concern over this is: "What effect it has on the veterans that utilize the VA facilities". Are the veterans receiving promp and caring service they are entitled to? We believe veterans are receiving excellent medical treatment, but what about the other care and service provided them? We believe that a veteran in the hospital or anywhere else within the VA system should feel like the person that is providing a service really wants to be helpful, care and do anything they can do for this veteran with a cheerful personality and smile. We believe this is a important part of any service provided. This is what we are suggesting that has been missing the last couple of years. What VA staff personnel is holding a veterans' hand a minute or two, talking to him for awhile and helping him with the small things that are not part of medical treatment? When morale of VA employees are so low they do not even take time to say hello or have a nice day to a veteran they are passing by. They also have a hard time getting along among themselfs. So, why are all personnel of the VAMC's so down in morale?

FEDERAL SHARING:

9. One of the largest problems within the federal government today is that one part of it does not assist another part or within it own part assist each other. As example we have five federal hospital within 150 miles of each other (Pine Ridge Public Health Service, Hot Springs VAMC, Ellsworth Air Force Base, Sioux Sands and Ft Meade VAMC) and until a couple years ago they did little or nothing to assist or share services with each other. We believe that the VAMC's did not share enough between themselfs to try to cut cost to really have any type of effect. There seems to be a conflict between the two VAMC's in western South Dakota which is not helping matters any in sharing services at this point in time. It is believe that these two VAMC's are trying out do each other or there is a personality conflict between them. It is for sure that something is really wrong between these two VAMC's. There are services in each VAMC's that are duplicated that could be at only one facility and the other utilize this service there. All service can not be divided up, but there are some services that can be. All five federal facilities staff personnel need to set down and show what service they can provide, service that they need and then plan as to how these services can be provided amongest themselfs. This would be very hard to do but it would only benefit many in many ways. Each facility wants to protect each of their own services or add services, but they should be looking what can be add, what can be shared and how they can help the other facilities. Then they would be providing the best for everyone benefit. There is no easy answer and there will be changes in services required, so these facilities need to quite worrying about who has what and start providing service that is benefit to each of us. We are sure that this would cut down on government spending.

VA CANTEENS:

10. There is odd stocking of items in the VA Canteens that have no suseful purpose in these canteens. Example: many women items such as perfurme, nightgowns, shoes. undergarments, lipstick and etc. There is no relationship between the amount of female items to the number of female veterans. These items are being sold to the VA employees and people from downtown that should not even be in the canteen. The people from downtown are not visiting anyone at the VA facility. It is our understanding that the federal statute states the canteen is for the veterans at the facility and visitors to the facility can purchase what can be used at that facility that day. There also has been a time when veterans were requested not to use the dining area of the canteen so that the VA employees could have it just for their lunch break. We do not believe that the canteen should be off limits to the employees but the veteran should have to give up their rights.

OUTSTANDING VA PERSONNEL

11. There are a few people this association has the highest respect for and those being the Veteans' Benefits Counselors at each VAMC and those answering the toll free call in line at the VARO. Their expertise, willingness, cheerful attitude and hard work is almost beyond belief. It seems no matter what is asked of them they always provide the correct answer and go out of their way to assist each and every Service Officer. They provide this same kind of service no matter who may contact them. There has been untold number of times that veterans and spouses stated these people no only help them but went out of their way to ensure everything possible was done for them. Each and every time a person has made a statement like this there was always a statement like: " What a wonderful guy, He is very helpful and cheerful, I don't know how he does it and remain so pleasent, He is so helpful and knows what he is doing", these kind of statements could go on and on.

Page 3

VA ASSISTANCE:

12. VA Regional Office and VAMC's give the County/Tribal Service officer excellent assistance and service. They assist each year in our annual training conference by providing experts for each subject a panel or group will be covering. These people provide excellent information, answers and materials. They are to be commended for taking time out of their busy schedules to assist the service officers in their training. They also keep the service officers up to date by attending a quarterly mini training conferences. Yes, even at these small conferences they still do a outstanding job. Directors of the VAMC's also hold a quarterly meeting for service officers in their area, to keep us advised, up to date and refreshed on changes at their facilities. WhenVAMC's or VARO are contacted with a problem, request for assistance or advise they provide what is needed in a professional manner and timely.

VA TIMELY DECISIONS:

13. VA Regional Office is not providing timely decisions on veterans claims for benefits such as pension or compensation. It can take from two to six month to receive a decision on a claim for benefits, depending on the type of claim, if its is the first time applying and etc. This causes a great amount of hardship on many veterans or their widows by the fact that they may not have anything to live on during this duration of time. This problem is cause by the lack of personnel to staff the VA Regional Office properly so it can provide a professional and timely service. This VA Regional Office has been under a hiring freeze for over two year, which means if one of the personnel leaves they can not replace this person. There has been some personnel leave this office without replacements. The cure for this problem would be getting the required number of personnel to do the job properly.

EDUCATION BENEFITS:

14. Department of Labor to this date in the southern Black Hills has yet to make one application for the Job Training Act. This information can be verified by the VA Regional Office in Sioux FAlls S.D. This is basically true also for the On The Job training under the GI Bill. The Department of Labor, veterans' counselor seems to believe that there is no need for him to leave the office to look for veterans and employers to apply for these benefits. A good example is when Department of Labor put on a Job Find for veterans, a letter was sent to employers to inform them when and where the Job Find was being held and they were welcome to attend. This kind of action by the veterans' counselor seems to be lacking for concerns for these veterans' programs. Should not the veterans' counselor go visit the employers and at least tell them what the whole programs are about? From the display of service to the veterans it looks like the Department of Labor is only concerned about its programs and only do what they have to on any other programs. We believe that the same type attention should be applied to each program that the Department of Labor is administrating and provide the service these programs require. Yes, there may be a manning and bodget problems, but who don't have these problems. We do not believe that this is a good reason for not doint their jobs to provide the best possible service to everyone. It is believe that the Department of Labor office in the southern Black Hills are providing excellent service in all of their other programs other than the ones stated above. The staff personnel of this office are a caring, cheerful, and professional with one small problem.

SBA LOANS:

15. Samll Business Administration information for veterans programs to the Veterans Service Officers, South Dakota Division of Veterans Affairs has be in small amounts. Service Officers have received on the information that veterans do have some entitlements and phone number to call. We do not even know the name of the veterans counselor who is to assist the veterans. Is there a veterans counselor and if there is one who is it? Service Officers have a need to know in general how the programs work and who to contact to apply for the service. We believe that SBA needs to met with the people that work directly with veterans and provide these people some type of training. We are sure that this could only benefit the veterans. From contacts with veterans we have had who have contacted the SBA they state they have received good service, but needed more information prior contacting the SBA.

SOCIAL SECURITY SERVICE:

16. Social Security provides a good service to the elderly and handicapped which includes the veterans, their widows and dependences. We Service Officers in the last couple of years have discovered a couple of problems within the service the Social Security provides. These being Social Security sends out letters and forms or make phone calls to the elderly or handicapped which only confuses the elderly or handicapped. So, these people need some close at hand to help them understand the letter, form or phone call, they come to the Service Officer to assist them. The Service Officer is glad to help these people, but this is not what they are trained for. We belive that Social Security needs to get among the people that are serving more. Social Security in western South Dakota has basically one office that these elderly and handicapped people can go to and this being Rapid City S.D. These elderly and handicapped people do not have the means or are they capable of getting to the Social Security office. We believe that most of these problems can be done away with if Social Security would send someone out into the small communities once in a while.

Page 4
CLOSING STATEMENT:
17. South Dakota Veterans Service Officers Association knows that the veterans, widows and dependence of South Dakota are receiving outstanding treatment and service from all concerned. We know there is no better in this nation. We realize that there is always room for improvement no matter how good the service may be or by whom may provided this service. We believe that the sharing and assisting with whom ever for the benefit of everyone should be the goal of everyone. South Dakota Veterans Service Officers Association is working towards this goal. We again thank the committee for the opportunity to give this testimony and appear before it.

Kerwin "Pee Wee" Douthit
President

STATEMENT OF
CARL J. GERBER, M.D.
MEDICAL CENTER DIRECTOR
VETERANS ADMINISTRATION MEDICAL CENTER
FORT MEADE, SOUTH DAKOTA
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON VETERANS AFFAIRS
HOUSE OF REPRESENTATIVES
JUNE 13, 1988

Fort Meade Medical Center appreciates the opportunity to appear before this Subcommittee on Oversight and Investigations of the House Veterans Affairs Committee to present data on the health care of veterans in the Western South Dakota area.

Fort Meade is a general medical and surgical as well as a psychiatric facility that serves the needs of approximately 32,000 veterans who live in 23 essentially rural counties. Seventy-two percent of our patients come from rural South Dakota while the remaining 18% are from remote counties of North Dakota, Wyoming and Montana.

A 1985 study was conducted by the Department of Medicine and Surgery addressing health care services to veterans living in geographically remote areas. Six counties were identified with a veteran population of 4,752 for which the Fort Meade VAMC was the closest facility. Half of those six counties have been identified as Health Manpower Shortages Areas (HMSA) with severe degrees of health care personnel shortages. The 4,752 veterans represent approximately 15% of our total veteran population base and they have to travel more than 150 miles to get to the Fort Meade VAMC. In addition it is estimated that between 20-25 percent of the remainder of our veteran population base have to travel between 100-150 miles to get here. These numbers and travel distances

clearly indicate that many of our veteran clientele - due to the ruralness in which they reside - have barriers to access to care not found in our more urban hospital settings.

No formal public transportation systems exist in the areas we serve, the veteran must rely upon his or her own means of travel to and from the medical center.

The population we serve is unique in several other parameters also. Twenty-four percent of the Native American population of the United States, who were hospitalized in V.A. facilities, were served by the two V.A. Medical Centers in West River South Dakota. An exceptionally high percentage of our Sioux veterans are combat veterans and many are service connected. We work closely with the tribe and the Indian Health Service to provide care for these deserving veterans. And yet Eagle Butte (our closest reservation) is approximately 100 miles from the Fort Meade facility.

We have also begun active outreach to the underserved veterans to the West of us and would anticipate that the 18% of our patient workload from those areas will increase in future years.

Fort Meade will become a part of Medical District 23 on October 1, 1988. This should facilitate planning and coordination of patient care since we will begin to plan in conjunction with those other V.A. institutions whose population base we share and for whom we serve as both a referral center and a referral base.

87-694 O - 88 - 4

Fort Meade is actively affiliated with the University of South Dakota School of Medicine. As such, we teach 36-40 percent of the third year medical students in such basics as medicine, surgery, and psychiatry. This affiliation proves favorable to us in that it assists us in recruiting young, well trained, academically oriented clinical staff. The affiliation and the location, within the beautiful Black Hills of South Dakota, have allowed us to recruit a physician staff of unequaled excellence and permits us to provide excellent care to veterans. Because of this fine staff and the nursing and other personnel to support them I can say without fear of contradiction that we are able to and do care for the most complex medical, surgical and psychiatric patients in Western South Dakota outside of the Regional Medical Center of Rapid City.

We are essential to the economic well being of the community as well. Employing 580 full-time personnel in a community of 5 to 6 thousand, means that we impact very significantly in most households in that community. In addition to our direct salary support, we spend approximately $500,000 in direct purchase of fee services from the surrounding community.

While our contract and fee services may not completely support practitioners in the community, it does provide a firm foundation for a number of practitioners who otherwise would not be available to the patients they serve. So our impact in health care extends far beyond our direct care to veterans but impacts on the care available to non-veteran residents of our state as well.

Another significant feature of being in a rural setting is that there is much higher utilization of our facility by veterans than exists in a more urban setting. This is a reflection of the unavailability of other alternatives as readily exist in a more urban V.A. setting.

Because of distances involved in referral to other V.A. centers, we incur costs not found in the urban hospitals. In the period of October 1, 1987 to May 31, 1988, (8 months of this fiscal year), we have provided 14 private charter flights and 81 commercial flights to refer patients for care we could not provide. This has cost $69,634. These are examples of costs not generally shared by our urban institutions.

With regards to budget, we wish to thank the members of both the House and Senate Committees for their generous handling of the V.A. budget in recent years. Our recurring funding has increased over each of the last four budget years. I am sad to say, however, that our costs continue to escalate at an even greater rate. This year, we find that we must set aside M&R project funding in order to meet our costs in personnel and all other care costs.

The aging population of South Dakota veterans have health care needs similar to those of the rest of the nation. Because of the rural nature of the area and the generally poor economic conditions and the lack of alternative sources for health care, more of these needs must be met through V.A. sources than in other parts of the country.

At Fort Meade we have requested conversion of some intermediate beds to nursing home care beds. This can be accomplished immediately with no additional resources but must be followed up with a minor construction project to redesign the space to meet criteria as a nursing home. Such a project request has been submitted.

We also have requested funding to renovate our Surgical Service. This must be done and we have been assured that that project has high priority with the medical region and should be funded in early Fiscal Year 1989.

In summary, we feel that we provide excellent service to South Dakota veterans within our abilities and resources. New program requirements such as DHCP, increased quality assurance requirements, utilization review, third party billing, thrift savings and the new retirement system (FERS) have been added without any additional staffing supplied. With the addition of each new program, manpower is shifted to provide the necessary response. Such shifting has eroded the ability to respond to the direct care needs of our veterans.

I do feel that we provide significant care in an area where other resources are not readily available and our ability to serve the veterans of South Dakota must be preserved and enhanced.

STATEMENT OF JAMES S. EXPARZA
DIRECTOR, VETERANS ADMINISTRATION MEDICAL CENTER
Hot Springs, South Dakota

for the

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
OF THE
HOUSE COMMITTEE ON VETERANS AFFAIRS

June 13, 1988

VETERANS BENEFITS AND SERVICES FOR THE STATE OF SOUTH DAKOTA

Chairman Evans, my name is James S. Exparza. Thank you for the opportunity to testify at this hearing.

The primary objective of the Veterans Administration Medical Center, Hot Springs, South Dakota, is to deliver quality primary and secondary medical and dental care to the 33,000 veterans in our primary service area. Currently we are operating at 169 beds which are used to provide services to veterans in all four bed services (Medicine, Surgery, Psychiatry, and Rehabilitation Medicine). Our specialized medical programs include an Intermediate Care program with a Geriatric Evaluation Unit (to address particularly difficult treatment and discharge planning issues), and Respite Care, which is brief hospitalization of the veteran to provide relief to family care-givers and to prevent extended hospitalization.

Our current surgical specialties include Podiatry, Optometry, Neurology, and Dermatology. Psychiatric specialties are acute treatment, a Mental Hygiene Clinic, and a 30-bed Alcohol Dependance Treatment Unit. We also offer Urological, Orthopedic and Ear, Nose, and Throat (ENT) services to our patients through contractual arrangements with physicians in Rapid City.

Our recent designation of 4 Rehabilitation Medicine beds has strengthened the Hospital's rehabilitative efforts in behalf of our veteran patients. This program has added flexibility to the medical treatment of our patients and also has enhanced the Hospital's position in the Resource Allocation Modeling under which we receive our operating budget.

Currently, our diagnostic services include Radiology, Laboratory, Nuclear Medicine, Ultrasound, Audiology and Speech Pathology, in addition to our new Mobile Computed Tomography Scanner (CT Scanner). This Mobile CT Scanner is also available to veteran patients at VAMC, Fort Meade, South Dakota, and to the uniformed services at Ellsworth Air Force Base. We also share this Mobile CT Scanner under a scarce medical services contract with Southern Hills General Hospital, Hot Springs, South Dakota. We currently are negotiating with the Indian Health Service Hospital on the Pine Ridge Reservation to make this service more readily accessible to our Native American population.

Specialized patient education programs at our Medical Center include, but are not limited to, Chronic Obstructive Pulmonary Disease (COPD), Bereavement Counseling, an Alzheimer's Support Group, and a Smoking Cessation Group.

We have a very active Ambulatory Surgery program which, in the past fiscal year, has performed 605 procedures in the operating room. By emphasizing Ambulatory Surgery, our Medical Center has clearly demonstrated the efficiencies and effectiveness of dealing with patients in this manner. Our general Ambulatory Care program includes general medical, surgical, and psychiatric care, supported by extensive diagnostic testing including Laboratory, X-Ray, EKG, EEG, Pulmonary, Respiratory, Nuclear Medicine, Ultrasound and CT Scans. Additionally, we provide Chemotherapy to our patients on an outpatient basis. Patients requiring Dialysis care may receive this service in our 3-bed Dialysis Center. We also sponsor Home Dialysis for those veteran patients medically approved for this program.

The VAMC, Hot Springs, provides special supportive services which include counseling or referrals to other medical centers for Spinal Cord Injury (SCI), Visual Impairment (VIS), and Former Prisoners of War (Former POW).

We have a very active program of Home Oxygen Therapy providing veterans the opportunity for medical care while still in their home environment.

In an effort to ensure that our patients are receiving the necessary medical follow-up after hospitalization, we conduct 6 rural health clinics each month in Rushville and Alliance, Nebraska (2 per month); Newcastle, Wyoming; and Ellsworth Air Force Base. Since their inception in November of 1985, over 1800 veterans have been served in these clinics.

To further assist our patients in seeking ambulatory care or admission to the Hospital, we have initiated a transportation agreement with the Rapid City Disabled American Veterans, Chapter #2, and with the Oglala Lakota Vietnam Veterans Association on the Pine Ridge Reservation. In both of these transportation agreements, these two organizations provide volunteer drivers; and the Veterans Administration provides the vehicle to transport patients to our Medical Center for outpatient clinic appointments or for admission to the Hospital.

Further, our CHAMPVA program allows us to provide care to beneficiaries, 18 years of age and older, of totally disabled service-connected veterans.

Because we were having an extremely difficult time arranging for needed orthopedic joint replacements in our aging population, we were able to negotiate a sharing agreement with Ellsworth Air Force Base. This agreement allows us to provide joint replacements, not currently available at Hot Springs or not readily available due to distance, at other VA Medical Centers. We are especially proud of this arrangement and, to date, have provided this service to 4 patients who would not have otherwise received joint replacements.

In addition to the quality care administered in our Hospital, Hot Springs has a 400-bed Domiciliary which provides specialized rehabilitation and extended care services to veterans from South Dakota and from throughout the Region. We offer 5 specialized programs: the Coping Skills program (to strengthen veterans' independent functioning); Sobriety Maintenance (continued treatment following Alcohol Dependence Treatment Unit completion); Work Restoration (vocational rehabilitation and job placement); Medical Treatment Team (to help restore health and enable veterans to return to community living); and the Extended Care program (for veterans who cannot function independently in the community).

3

STATEMENT OF JAMES S. EXPARZA

The recently-funded Domiciliary Care for Homeless Veterans program provides us the opportunity for outreach and referral services to homeless veterans in South Dakota in a large geographic area extending from Pine Ridge and Rosebud Reservations to Rapid City, South Dakota.

In closing, the VA Medical Center, Hot Springs, plans to continue providing quality care to the veterans in our area. We plan to continue assessing the health care needs of this veteran population and to continue developing innovative strategies to meet these needs. Within the constraints of the Veterans Administration's three Resource Allocation Models, we plan to continue assessing the Medical Center's financial position, to cut costs and increase productivity to the extent that quality care will not be compromised.

This concludes my prepared statement. If there are questions, I will try to answer them.

STATEMENT OF

BRUCE CAIN

ACTING TEAM LEADER

RAPID CITY VET CENTER

READJUSTMENT COUNSELING SERVICE

VETERANS ADMINISTRATION

Before the

House Committee on Veterans Affairs

Subcommittee on Oversight and Investigations

U.S. House of Representatives

June 13, 1988

1.

Mr. Chairman and members of the Committee: I am pleased to be here today to brief the members of this subcommittee on the activities of the Rapid City Vet Center.

The Rapid City Vet Center staff is comprised of a three-person team. This Vet Center currently has three Full-time Employee Equivalent (FTEE) to carry out its mission in this rural community. The break-down for staff composition is as follows:

Team Leader/Vietnam Combat Veteran
Office Manager
Clinical Psychologist/Counselor

Historically the staff of this Center has enjoyed a mix of ethnic backgrounds, i.e., Black, Hispanic, and Native American. Our mission is outlined in Public Law 96-22 which was passed by the 96th Congress. The hallmark of this law is to provide outreach and readjustment counseling assistance to Vietnam era veterans and/or their immediate family members as it applies to military-related issues.

The Rapid City Vet Center provides two basic categories of service to veteran clientele. The first type is social service counseling and includes claims assistance for service-connected disabilities, discharge upgrades, procurement of active military and VA records, awards and correspondence, and employment counseling. The Center works closely with the South Dakota Job Service and the South Dakota Department of Labor who provide an on and off-site Disabled Veterans Outreach Person (DVOP) to assist our clientele with employment needs. Additionally, we maintain a widely diverse number of referral resources within the community that address nearly all social and personal needs including close networking with the Rapid City Police Department and the Pennington County Sheriff's Department that allows us to asssit in resolving crisis and other situations that may arise when dealing with our veteran population.

The clinical component of the Rapid City Vet Center, provides readjustment counseling through various means. Clinical services include intake, assessment, treatment planning, treatment follow through and/or referral in any one or all of the following forms: crisis intervention, individual counseling, couple's counseling, marital counseling, family counseling, men's and/or women's groups, couple's communication groups and workshops for clientele in the areas of stress reduction, coping skills, impulse control, diffusion of anger, and etc. Additionally, family members of eligible veterans are also seen at the Vet Center

2.

keeping in mind the relevance of their contribution and involvement as it relates to the specific treatment intervention being provided to the veteran. Additionally, we provide a wide range of referral resources to private, community, and Federal medical and mental health programs. This may include but is not limited to referral for alcohol and drug treatment, general psychiatric, acute psychiatric and medical attention. Referrals and appointments are made with the environmental physician at Fort Meade VAMC for those veterans that are in need of or treatment for agent orange related concerns. To enhance the accessibility of the resources located both at Ft. Meade VAMC and Hot Springs VAMC, the Rapid City Vet Center participates in a shuttle program in cooperation with the respective VAMCs and the local DAV Chapter to provide transportation to those veterans whose needs are outside the scope of the Vet Center Mission.

The Rapid City Vet Center has provided services to over 1,700 Vietnam era veterans with varying needs. This number accounts for approximately 11 percent of the Vietnam era veterans within the catchment area of the Rapid City Vet Center. This large pastoral setting is comprised of 28 counties in 3 states and encompasses 3 Native American reservations. Two percent of the 1,700 plus veterans that have been provided service by this facility have been female. Approximately 8.5 percent of the total number of Vietnam era veterans in this Center's area of responsibility are Native American veterans which comprise approximately 7 percent of the Vet Center clientele.

As with most rural areas, the Rapid City Vet Center's catchment area includes many small communities scattered over a wide geographical expanse which necessitates extensive outreach efforts on the part of vet center staff. Poor economic conditions in the the predominant industries of ranching, farming and mining have resulted in increased alcohol and substance abuse, and in a higher risk for domestic violence. Within this context, the staff of the Rapid City Vet Center continues to actively pursue the mission of providing outreach and counseling to help all Vietnam era veterans within the catchment area to a full and meaningful post-war readjustment to civilian life.

Mr. Chairman, this concludes my remarks. I shall be pleased to answer any questions you or members of the Committee may have.

STATEMENT OF

F. FARNANDEZ, JR.

ACTING CENTER DIRECTOR

VA MEDICAL AND REGIONAL OFFICE CENTER

SIOUX FALLS, SOUTH DAKOTA

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

June 13, 1988

Mr. Chairman and members of the Subcommittee:

I appreciate the opportunity to review with you, Congressman Johnson, and the public the activities and services available for veterans and beneficiaries through our VA Medical and Regional Office Center in Sioux Falls.

As one of only eight VAM&ROC's within the nation, the Sioux Falls VA is able to provide a full array of veterans benefits and healthcare services at a single location. We believe that for a state such as ours, with a tremendously large geographic area to cover, that this organization, under one Director, serves our clients efficiently and effectively.

The Royal C. Johnson Veterans Memorial Hospital, named in honor of a former U.S. Congressman and distinguished South Dakota Veteran, is a 246-bed General Medical and Surgical Hospital, which provides a full spectrum of primary care and selected areas of tertiary care for eligible veterans. It has 126 beds for Internal Medicine, 62 beds for Surgery, 33 beds for Psychiatry, and 25 beds for Intermediate Care services. There is a 75-bed Nursing Home Care Unit adjunct to the Center which provides acute rehabilitation and extended care services for veterans. A new clinical addition completed in 1987 at a cost of $11.5 million and $5 million for state of the art equipment provides outpatient services in Ambulatory Surgery, Audiology, Gastroenterology, General Medicine, General Surgery, Hand and Upper Extremities, Mental Hygiene, Minor Surgery, Neurology, Neurosurgery, Nutrition, Oncology, Ophthalmology, Optometry, Prosthetics, Psychiatry, Rehabilitation Medicine, Substance Abuse After-Care, Speech Therapy, and Urology.

As a member of Medical District 18, which includes VA facilities in Fargo, ND, Minneapolis, MN, and St. Cloud, MN, Sioux Falls is actively involved in Medical District Initiated Planning Process (MEDIPP) and uses a patient referral system within the District to provide for patient services which are not available at our facility.

Our hospital is affiliated with the University of South Dakota and University of Nebraska. Presently there are 27 residents undergoing training in the programs of Medicine, Surgery, Psychiatry and Pathology. More medical students at the sophomore, junior and senior medical level rotate through this Center than any other hospital affiliated with USD School of Medicine. In fact, if one adds up all of the rotations at the other hospitals in South Dakota, the VA's teaching role is greater than all others combined. The South Dakota Medical Information Exchange operated by the School of Medicine, an audio teleconferencing network based in the VA Medical Center, provides opportunities for continuing medical education programs spanning all medical care disciplines throughout the state of South Dakota and parts of Minnesota and Iowa.

There are approximately 100,000 veterans who reside in the Center's primary service area (PSA). This service area includes 10 counties in northeast Iowa, 12 counties in western Minnesota, and the eastern half of South Dakota. Approximately 10% of the veterans residing in our primary service area come to this facility for their medical care. Presently about 20% of the PSA veteran population is age 65 or greater, and of all patients presenting at this facility for care, more than 45% are over the age of 65 years. This age group is projected to increase to 35% in the year 2000 when our PSA veteran population is estimated to be 82,164 veterans. The FY 1987 hospital discharges were 4,678 and outpatient visits were 53,592. Outpatient visits for FY 1988 are projected to be over 56,000, and hospital discharges are estimated to be in excess of 4,800.

The majority of the patients live in rural environs within a 200-mile radius. Many patients have to travel great distances to receive their medical care at this facility. Most South Dakotans must travel at least 100 miles for medical care. The state of South Dakota ranks lowest of all states in patient/physician ratio, with several counties having no local physician resources. The VAM&ROC is a major part of the community. The Medical Center is among the top ten employers, employing over 600 persons, the third largest health care facility, and the largest federal agency in the city with a budget of over $27 million.

The Medical Center provides administrative support to the Veterans Outreach Centers in Sioux Falls, SD and Sioux City, IA. This Center also serves as the clinic of jurisdiction for the state of South Dakota for which we are assigned fee-basis jurisdiction. Over 1,500 eligible veterans living in South Dakota have been issued Fee Basis I.D. cards which permit them to obtain certain types of outpatient medical treatment locally. In FY 1987, this program returned approximately $450,000 to community agencies. The VA also has a Community Nursing Home program which is designed to assist veterans and their families in making the transition from an episode of VA care to the community. During FY 1987, 205 veterans utilized this program.

The Department of Veterans Benefits activity at the Veterans Administration Medical and Regional Office Center, Sioux Falls, South Dakota has a Fiscal Year 1988 authorized full-time employment of 53, including 2 outbased Veterans Benefits Counselors, 1 each at the VA Medical Center, Fort Meade and the VA Medical Center, Hot Springs, South Dakota and an operating budget of $1,752,000. The Department of Veterans Benefits activity is responsible for processing claims for vocational rehabilitation, education, death and disability benefits from South Dakota's 79,000 veterans, their dependents and servicepersons.

The Department of Veterans Benefits activity receives assistance from the VA Regional Office and Insurance Center, St. Paul, Minnesota which handles loan guaranty and insurance issues and from the VA Regional Office and Insurance Center, Philadelphia, Pennsylvania which also handles insurance issues.

Currently, there are 9,396 veterans in receipt of disability benefits totalling $40,000,000 annually. There are 3,323 dependents in receipt of death benefits totalling $10,720,000 annually. There are 1,500 servicepersons, veterans and dependents in receipt of educational and vocational rehabilitation training benefits totalling $4,942,000 annually. There are 1,922 veterans who have received Certificates of Eligibility under the Veterans Job Training Act and 241 employers who have been approved for a total of 533 training positions. One hundred and seventy-one veterans have been provided training under the program with a total of $647,500 obligated.

During FY 87, we processed 20,383 claims with 76% completed within 30 days of receipt, 87% completed within 60 days of receipt and less than 1% taking more than six months to complete. There are currently 15 measurements for timeliness of processing disability and death claims. The timeliness of claims processed by the Sioux Falls office are better than the standards and also better than the National average for all 15 standards. There are 10 measurements for processing timeliness for vocational rehabilitation and education claims. The timeliness of claims processed by the Sioux Falls office are better than the standards and better than the National averages for all 10 measurements.

In addition to processing claims, we provide assistance to claimants and respond to inquiries. During FY 87, we received 38,088 telephone calls with 27,050 calls received on our toll-free number (1-800-952-3550). Of the 38,088 calls, 2,746 resulted in the caller terminating the call before we were able to answer. This "drop call" rate of 7% is better than the maximum rate of 10% allowed nationally. We conducted 4,250 personal interviews at the DVB facility and 9,024 at the three VAMC's.

To assure that benefits are properly utilized, we provide for fiduciaries for beneficiaries who have not attained the age of majority or who are not capable of managing their own funds. We currently supervise 584 such accounts.

In conclusion, our Center has been able to meet its assigned responsibilities due to a highly motivated workforce, a supportive public, a committed volunteer program, and continuing support from our Veterans Service Organizations in South Dakota.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

STATEMENT OF

CHESTER B. LEEDOM
DISTRICT DIRECTOR FOR SOUTH DAKOTA
SMALL BUSINESS ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON VETERANS' AFFAIRS

JUNE 13, 1988

Mr. Chairman and members of the Subcommittee:

I am Chet Leedom, SBA District Director for South Dakota. I very much appreciate this opportunity to appear before your Subcommittee to let you know of some of the ways the Small Business Administration serves South Dakota's veterans. First, let me describe our resources generally, and then describe how those resources are being utilized to assist veterans.

South Dakota is a large rural state without significant large concentrations of population, as evidenced by the fact that there are only three widely separated communities with populations over 25,000. Our office is located in Sioux Falls, the largest community of the three, in the easternmost part of the State. While the Sioux Falls District Office is the only SBA office in the State, and while the delivery of our services is complicated somewhat by distance, wide open spaces, and a widely dispersed population, we are nevertheless able to meet our obligations to provide service through a number of resource partners across the State, both public and private, working closely with a dedicated, experienced and productive SBA staff.

Those partners include the Service Corps of Retired Executives (SCORE), the Small Business Development Center (SBDC), Chambers of Commerce, state and private colleges and universities, some of which participate in our Small Business Institute (SBI) program, professional associations and private sector businesses. The South Dakota banking community is vitally necessary to the delivery of our financial assistance, and it has been most responsive in utilizing our programs. All of these resource partners contribute to our effort to provide assistance to veterans. In all of our efforts we have the full support of SBA's Region VIII Regional Office in Denver.

Administrator Abdnor, in the past year, has been instrumental in initiating a number of ideas and special emphasis programs which we believe have improved our delivery of services to veterans. There can be no question but that SBA's senior management team takes the implementaton of those ideas and programs very seriously. In Region VIII, which includes South Dakota, Regional Administrator Cisneros has acted to insure maximum implementation, with particular attention to consistency of service throughout the Region.

The veterans program at SBA seeks not only to assist the Vietnam era and disabled veterans to start in business, but also to help the veteran who is in business. Very generally, the veterans, in the context of SBA's potential to assist, are in four categories:

1. Not in business and does not want to be in business;
2. In a business start-up, or wants to be;
3. In business with no SBA involvement; or
4. In business with an SBA loan or other assistance.

Each of these types of veterans requires a different service from SBA. Although many of the needed services are provided by the operating divisions of SBA, it is the responsibility of the Office of Veterans Affairs (OVA) in our Washington Office to be certain that the services are delivered in a timely and effective fashion. There are six programs administered by that Office:

1. Veterans Entrepreneurial Training (VET): This program seeks to identify those veterans who have the entrepreneurial spirit, together with the ability, to create a business.

2. SAVET: This program will identify veterans in business who have SBA financial assistance, who are having problems, and who could use SBA services other than financial assistance.

3. Veterans Business Resource Council (VBRC): This program seeks to identify veterans in business who are willing to share their expertise to assist other veterans in business.

4. Computer linked management training: This program uses a computer laser disc system to provide the simulation of planning and operating a

business through its first year by using a specifically designed computer program. It also provides the user with a complete business plan.

5. SBA Training: This program contemplates priority application of the regular training and counseling resources of SBA to meet veterans' needs.

6. Special emphasis on Disabled Veterans: This program seeks to use all of our programs, as appropriate, to meet the particular needs of the disabled veteran.

At the regional and district level, the promotion and oversight responsibility for those programs is the responsibility of a Veterans Affairs Officer and a Veterans Assistance Officer, respectively.

Turning specifically to South Dakota, while not all of the Office of Veterans Affairs programs described have been put in place, per se, with the exception of the computer linked management training, we have made every effort to adapt the concept of each program to the circumstances of the state. As to the computerized training, Region VIII has the equipment and, it is my understanding that it will be rotated through the region's six district offices.

The described programs are all premised first on sensitivity and special emphasis and then on one or more services, all related broadly to just three categories of service: financial assistance, training and counseling. I have provided three tables summarizing the activity of the Sioux Falls District Office with respect to those three services for fiscal years 1984 through 1988 to May 31, 1988. I have been told that the veteran population in South Dakota is approximately 79,000, which represents 12-15% of the population. If that is accurate, I believe that the activity reflected in those tables speaks well for our penetration in the veteran population.

Table 1 - Financial Assistance to Veterans

As you will see, by far the greatest proportion of our financial assistance is made available through the guaranteed loan program, although good use is made of the direct funds available to us, including the direct funds specially appropriated for assistance to Vietnam era and disabled veterans. You will also see that our financial assistance to veterans, as a percentage of our total lending program, is significant given the size of the

veteran population. For the period covered, we have approved a total of 238 loans to veterans for over 30 million dollars.

I believe that the figures also support my view that the private sector lenders in South Dakota have been extremely helpful in making business related credit available to veterans. That has significantly reduced the necessity to rely upon direct funds which understandably are limited in availability.

Table 2 - Veteran Training

As in the case of financial assistance, you will see that veteran attendance at training functions is significantly greater than the size of the veteran population might otherwise suggest. Our training events may take the form of workshops, seminars, the increasingly popular Brown Bag Lunch, and other group forums. The events may be conducted by one or more of the resource partners, already identified, and are scheduled throughout the state. We rely heavily on private sector professionals such as attorneys and accountants, as well as successful business people to present the substance of the training. We make every effort to tailor our training events to the expressed wishes of the community requesting the service or the group for whom the training is to be provided. It has been our experience that training events specifically targeted for veterans are not well attended. Yet high veteran attendance can usually be found at our regular training events. I do not know why that is so.

We have tried to be very certain that appropriate training events are readily available to the Native American veteran, who, if residing on a reservation, has additional and different needs. The Rapid City SCORE Chapter and the SBDC Subcenter in Rapid City have been particularly helpful in providing training on both the Rosebud and Pine Ridge Reservations, often with the close cooperation of the Native American colleges.

I would be remiss if, in connection with training, I did not acknowledge the excellent cooperation we have received from the Vietnam Veteran Outreach Centers in Sioux Falls and Rapid City and their representatives in Pierre and Aberdeen. The effectiveness of our programs is greatly enhanced by the kind of cooperative effort provided by the Outreach Centers and the many other groups I have mentioned.

Table 3 - Veteran Counseling

The counseling service contemplates one-on-one counseling with respect to

feasibility, preliminary planning, start-up or problems encountered once a business has been established. For a number of years, SBA has relied heavily on SCORE counselors to provide this service. In South Dakota, we have nearly 80 counselors across the state assigned to one of the three SCORE Chapters located in Rapid City, Aberdeen and Sioux Falls. More recently, with the establishment of the SBDC, a new and very strong counseling resource has been added. The SBDC, which is based at the University in Vermillion, has subcenters in Sioux Falls, Watertown, Aberdeen and Rapid City.

The counseling provided may be relatively short or may be extended, depending upon need. It may be one session or many, as required. One counseling resource, however, regularly provides long term counseling. The SBI program, operated through colleges and universities, provides for counseling by teams of senior business students, assigned to a specific business for one or more semesters. This past school year we had six schools participating in the program working with a total of 49 cases. Of those cases, six were Vietnam era veterans and three were other veterans.

As in the case of the two services already described, our counseling for veterans represents a significant portion of all of our counseling activity.

Mr. Chairman, that concludes my prepared statement. I will be glad to answer any questions you might have. Again, let me thank you for this opportunity to participate in this hearing.

Table 1

UNITED STATES SMALL BUSINESS ADMINISTRATION
STATE OF SOUTH DAKOTA

FINANCIAL ASSISTANCE TO VETERANS

FISCAL YEAR	VIETNAM ERA	OTHER VETERANS	AS % OF TOTAL LENDING #	AS % OF TOTAL LENDING $
1988 to 5/31/88	4 Dir[1] 373,000 21 GP[2] 2,725,400 (2,440,040)[3]	11 GP 2,945,300 (2,281,170)	21.2	22.2
1987	9 Dir 674,800 21 GP 2,847,500 (2,221,666)	22 GP 4,235,000 (3,447,120)	19.3	20.2
1986	8 Dir 320,000 26 GP 3,009,900 (2,610,210)	12 GP 2,463,000 (1,607,190)	23.1	21.2
1985	5 Dir 95,000 12 GP 1,637,600 (1,365,450)	2 Dir 150,000 17 GP 2,429,500 (2,037,030)	17.8	15.6
1984	17 Dir 806,825 24 GP 2,311,388 (1,998,469)	3 Dir 97,500 24 GP 2,974,500 (2,546,860)	31.8	27.0
TOTAL	43 Dir 2,269,625 104 GP 12,531,788	5 Dir 247,500 86 GP 15,047,300	22.6	21.0

1 Dir - Direct Loan
2 GP - Guaranteed Participation Loan
3 ( ) - SBA Share/Part Guaranteed

Source: Sioux Falls District Office

Table 2

UNITED STATES SMALL BUSINESS ADMINISTRATION
STATE OF SOUTH DAKOTA

VETERAN TRAINING

FISCAL YEAR	VIETNAM ERA	OTHER VETERANS	TOTAL VETERANS	AS % OF TOTAL ATTENDEES
1988 to 5/31/88	211	369	530	29.3
1987	223	427	650	30.5
1986	204	369	573	25.5
1985	341	528	869	34.4
1984	113	298	411	18.7
TOTAL	1,092	1,991	3,083	28.3

Source: Sioux Falls District Office

Table 3

UNITED STATES SMALL BUSINESS ADMINISTRATION
STATE OF SOUTH DAKOTA

VETERAN COUNSELING

FISCAL YEAR	# VETERANS	HOURS	# AS % OF TOTAL
1988 to 5/31/88	141	N/A	N/A
1987	238	1872	28.4
1986	245	1762	28.2
1985	230	1311	29.8
1984	81	156	32.0

Source: Sioux Falls District Office

South Dakota
Association of Collegiate Veterans
P.O. Box 7177
University Station
Brookings SD. 57007

Committee on Veteran's Affairs
335 Cannon House Office Bldg.
Washington, D.C, 20515

Statement on Collegiate Veteran's Affairs

The following information pertains to Veterans in the Brookings Chapter. It is hoped that this information will be a fair representation of our State Affairs. Unfortuately, I was unable to obtain an accurate summary from all our members due to the fact that the majority of our members do not attend school in the summer.

At least two members have had trouble with the Chapt. 34 Bill. The problem is the ten year limitation has expired. In one case an appeal has been filed with the outcome still pending.

The Chapt. 32 (VEAP) has presented problems with late payments, but most of these problems have been handled effectively by the VA office in Sioux Falls.

TheNew GI Bill, Chapt. 106, is providing several problems. Several members have been "kicked" out of the system due to computer errors. The concern is that not enough people are trained to handle this Bill. There seems to be a Communication problem between DOD and the VA. Our main concern is that there are not enough people to authorize payment from DOD.

I am not aware of any problems with Chapt. 30 Bill. The Bill sounds good and we expect a minimal number of problems.

I would like to add that many of our members depend on these benifits to fianance their education and would be unable to attend a college without them. I hope that this information will aid in clearing up some of the problems in the system.

Sincerely,

Royce Reit

Royce Reit
President, South Dakota Association of Collegiate Veterans
President, Brookings Veterans Society

TESTIMONY BY EARL R. SCHULTZ, DIRECTOR
VETERANS EMPLOYMENT AND TRAINING SERVICE FOR SOUTH DAKOTA
June 21, 1988

Mr. Chairman and Distinguished Members of the Committee on Veterans Affairs:

It is a privilege to be able to present to this Subcommittee the following written testimony dealing with veterans' issues, especially those in the field of employment. I regret my schedule did not allow me to attend the hearing in person.

The South Dakota Department of Labor Job Service Division has traditionally been one of the leaders in providing preferential treatment in all phases of employment. When national statistics are released, South Dakota always enjoys one of the highest placement rates for all categories of veterans, with an annual average usually exceeding placement in jobs of 30 percent of all veterans who register with the Job Service. More than 90 percent receive a service of one type or another.

In the local Job Service offices, the veterans' employment representatives are usually Vietnam-era veterans who are highly energetic and dedicated to serving their fellow veterans. All the Disabled Veterans Outreach Program specialists are service-connected disabled Vietnam-era veterans who likewise are very dedicated in carrying out their outreach activities.

These individuals cover all of South Dakota, including the three Veterans Administration hospitals, two Vietnam-era veteran outreach centers, one military separation center and seven Indian reservations. As the Director of the Veterans' Employment and Training Service for the State of South Dakota and also as a service-connected disabled Vietnam-era veteran, I have taken much pride in working with these dedicated individuals. In South Dakota, we also have on the Job Service staff a state veterans'

coordinator who trouble shoots and coordinates the day-to-day activity as it relates to veterans' services provided by the Job Service.

We also have as part of the Job Training Partnership Act administrative staff a state veterans' coordinator. This person coordinates and directs the daily activity for JTPA as it relates to veterans in South Dakota. This individual recently put together a veterans' outreach package which includes a highly effective message from Governor George Mickelson asking for employer pledges to hire veterans. I am pleased to inform this Subcommittee that the employer community has responded so overwhelmingly that the Job Service staff is having trouble finding qualified veterans to fill all the openings.

The South Dakota Department of Labor has a penetration rate into the employer job market of more than 20 percent while the national rate is seven (7) percent. Since our penetration rate is three times higher than the national average, our veterans have opportunity to select from more employers when they become unemployed. All of this has been accomplished while South Dakota is fortunate in having a relatively low unemployment rate--only 2.7 percent for April or approximately one-half that of the national average.

During the nine years I have been the Director of the Veterans' Employment and Training Service, the South Dakota Job Service has always met veterans' preference indicators in placement, counseling, enrolled in training and other services. This high rate of service has been recognized both by the Department of Labor and by veterans' organizations on the national level.

If I have one concern for the veterans of this state, it deals with the drought we are experiencing. Upon returning from

Vietnam, many Vietnam-era veterans took over the family farm from their families who were World War II veterans. These Vietnam veterans are now struggling because of the severe drought situation here in South Dakota to save the farm and maintain their way of life. This office has started preliminary plans to make the employer community aware of this situation, and to ask employers to respond in the form of secondary employment for these unemployed farmers. Any assistance or guidance that this Subcommittee can provide on this subject will be deeply appreciated.

Once again, thank you for allowing me to provide this testimony, and I will be more than pleased to answer any questions that you may have.

Written Testimony for Oversight and Investigations Subcommittee of the House Committee on Veterans Affairs Field Hearing held Monday, June 13, 1988, in Rapid City, South Dakota.

87-694 (120)